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**ANNUAL REPORT
OF THE
GOVERNOR OF
HAWAII**

**TO THE SECRETARY OF
THE INTERIOR**



**FOR THE FISCAL YEAR ENDED
JUNE 30**

1938

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OF THE
GOVERNOR OF
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THE INTERIOR



FOR THE FISCAL YEAR ENDED JUNE 30

1938

UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON : 1938

UNITED STATES DEPARTMENT OF THE INTERIOR

Harold L. Ickes, Secretary

TERRITORY OF HAWAII

Joseph B. Poindexter, Governor

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ANNUAL REPORT OF THE GOVERNOR OF HAWAII

Joseph B. Poindexter, Governor

EXECUTIVE CHAMBERS

Honolulu, Hawaii, September 6, 1938.

THE SECRETARY OF THE INTERIOR:

SIR: Pursuant to instructions contained in your letter of June 23, 1938, I have the honor to submit the following report of the affairs in and of the progress and development of the Territory of Hawaii during the fiscal year ended June 30, 1938.

Ernest Gruening, Director of the Division of Territories and Island Possessions, visited the Territory during the fall of 1937. Representatives of the Social Security Board also visited Hawaii, and their help in organizing the Territorial program was of great value. The Director of the Civilian Conservation Corps and the Assistant Director of the National Park Service were also visitors to Hawaii in the interests of their respective departments.

The Works Progress Administration program for the Territory was transferred on April 1, 1938, from the civilian director to the district engineer of the United States Army.

Collections in this office for the issuance of passports showed a marked decline from the previous year, due largely to the hostilities in China. In the fiscal year 1937 this office issued 710 passports, while in 1938 the number dropped to 531. Passport renewals in 1937 numbered 82 and in 1938, 63, with 22 amendments during each period.

A strike of interisland seamen and drydock workers, commencing late in May 1938, crippled transportation between the islands for nearly 3 months. Regular service was resumed early in August when men in most of the departments returned to work.

The cause of equal rights for Hawaii—the effort to obtain treatment for the Territory by the Federal Government on the same basis as that accorded the 48 States—made more progress in the fiscal year ending June 30, 1938, than has been achieved in all of the rest of the two score years since the voluntary annexation of the islands to the United States.

The high light of the year was the appointment of the Joint Congressional Committee on Hawaii, the visit of the 20 members of that body to the Territory late in 1937, and the rendering of the committee's findings on February 15, 1938, by Senator William H. King, of Utah, chairman.

The report of the joint committee marked the high point to date of 35 years of efforts to obtain treatment for the Territory equal with the States from the Federal Government and recognition of the islands as "an incorporated Territory of the Union and an integral part thereof." The recommendations of that report, containing as they do a clear-cut recognition of Hawaii's true status, and strong assurances that the citizens of the islands will be treated on the same basis as the citizens of the several States, will be of tremendous value for effective quotation by the equal rights commission in the future in the fight to guard the interests of Hawaii against any discrimination.

The Hawaii Equal Rights Commission has continued its efforts to overcome the vast amount of misinformation, misconceptions, and ignorance extant on the mainland regarding Hawaii, by writing letters to many mainland publications which printed errors of fact or conclusion relating to the Territory and conditions in the islands, and noted that these communications were printed in a number of mainland publications.

The committee also made an attempt to correct a resolution which had been adopted by the National Grange, 71st annual session, held in Harrisburg, Pa., in November 1937. The original resolution read as follows:

Since a major portion of the population of the Territory of Hawaii is composed of those who are ineligible to become citizens of the United States, we are opposed to the admission of the Territory to statehood.

The commission sent letters to the officers of the National Grange, as well as to the masters and secretaries of the Grange of 35 States, pointing out that the premise of this resolution was in error in that 78.4 percent of the 396,715 residents of the Territory as of June 30, 1937, not only were eligible to become citizens of the United States but were, in fact, citizens of the United States under the Constitution. Efforts were also made by the commission to correct statements appearing in a resolution adopted by the California Society, Sons of the American Revolution, opposing statehood for Hawaii. As copies of the California society's original resolution had been sent to the national officers of the Sons of the American Revolution, as well as to each of the 22 members of the California delegation in Congress, a copy of the commission's letter of correction also was sent to each of those individuals.

POPULATION AND RACE STATISTICS

The population of Hawaii as of June 30, 1938, reached an all-time record high of 411,485, an increase of 14,770, or 3.73 percent during the fiscal year ending on that date.

During the fiscal year the number of American citizens in the Territory increased from 310,956, or 78.4 of the population as of June 30, 1937, to 328,185, or 79.76 of the entire population on June 30 last—an increase of 1.36 percent. The number of aliens in the Territory decreased from 85,759, or 21.6 percent of the entire population, to 83,300, or 20.24 percent of the population. Thus, with a gain of 17,229 in the number of citizens, and a decrease of 2,459 in the number of aliens, there was a net gain during the year of 19,688 American citizens resident in the islands.

All counties registered gains in population during the year except the county of Kalawao (Kalaupapa), which showed a decrease of 3, from 524 to 521. The other counties and their increases during the year were: Honolulu, 8,333; Hawaii, 2,463; Kauai, 1,619; and Maui, 2,358.

By counties, the 1937 and 1938 estimated populations and the increases during the year were:

	1937 popu- lation	1938 popu- lation	Increases
City of Honolulu.....	147,450	153,073	5,623
Rural Oahu.....	71,357	74,067	2,710
City of Hilo.....	16,015	16,459	444
Rural Hawaii.....	62,474	64,493	2,019
County of Kalawao.....	524	521	13
County of Kauai.....	38,295	39,914	1,619
County of Maui.....	60,600	62,958	2,358
Total.....	396,715	411,485	14,770

¹ Decrease.

Of the increase in citizens, the Caucasian classification furnished by far the largest number during the year, 10,503, with a decrease of 286 aliens during the year in that classification. Among the residents of Japanese origin, the number of citizens increased by 3,295, while the number of aliens decreased by 897. The number of citizens of Filipino origin increased by 879, while the number of aliens decreased by 1,104.

In connection with the statistics on the Filipino residents, the 52,810 estimated population of that race on June 30 represented a decrease of 13,239 from its 1931 peak population of 66,049. In that year, the Filipino residents represented 17.6 percent of the entire population of the Territory, while the 52,810 on June 30 last represented only 12.83 percent. This heavy decrease was laid to the

effects of the depression and the large exodus of Filipinos to their homeland following 1931.

The 1938 population of the Territory by racial origins and segregated into the numbers and percentages of citizens and aliens of each is shown in the following table:

Race	Total population	Percent of whole	Citizens	Percent	Aliens	Percent
Japanese.....	153,539	37.31	116,584	75.93	36,955	24.07
Hawaiian and part-Hawaiian.....	62,135	15.10	62,135	100.00	-----	-----
Caucasian.....	106,999	26.00	103,988	97.17	3,011	2.83
Filipino.....	52,810	12.83	16,201	30.68	36,609	69.32
Chinese.....	28,380	6.90	24,097	84.91	4,283	15.09
Korean.....	6,707	1.63	4,355	64.93	2,352	35.07
All other.....	915	.23	825	90.16	90	9.84
Total.....	411,485	100.00	328,185	79.76	83,300	20.24

CAUCASIAN BY RACIAL ORIGIN

Spanish.....	1,248	0.30	1,069	85.67	179	14.33
Portuguese.....	30,406	7.39	28,898	95.04	1,508	4.96
Puerto Rican.....	7,639	1.86	7,639	100.00	-----	-----
Other Caucasian.....	67,706	16.45	66,382	98.03	1,324	1.97
Total.....	106,999	26.00	103,988	97.17	3,011	2.83

HAWAIIANS AND PART-HAWAIIANS BY RACE

Hawaiian.....	21,268	5.17	21,268	100.00	-----	-----
Caucasian-Hawaiian.....	20,507	4.98	20,507	100.00	-----	-----
Asiatic-Hawaiian.....	20,360	4.95	20,360	100.00	-----	-----
Total.....	62,135	15.10	62,135	100.00	-----	-----

By racial origin the trend of population in the Territory in the fiscal year is shown in the following table:

Trend of Population 1937-38

Race	Total population 1937	Percent of whole	Total population 1938	Percent of whole	Percent increase
Japanese.....	151,141	38.14	153,539	37.31	1 0.83
Caucasian.....	96,782	24.39	106,999	26.00	1 6.1
Hawaiian and part-Hawaiian.....	60,546	15.19	62,135	15.10	1 0.9
Filipino.....	53,035	13.39	52,810	12.83	1 56
Chinese.....	27,657	6.99	28,380	6.90	1 0.9
Korean.....	6,678	1.68	6,707	1.64	1 0.4
All other.....	876	.22	915	.22	-----
Total.....	396,715	100.00	411,485	100.00	-----

CAUCASIAN BY RACIAL ORIGIN

Spanish.....	1,233	0.30	1,248	0.30	-----
Portuguese.....	30,130	7.60	30,406	7.39	1 0.21
Puerto Rican.....	7,529	1.90	7,639	1.86	1 0.4
Other Caucasian.....	57,890	14.60	67,706	16.45	1 8.5
Total.....	96,782	24.40	106,999	26.00	1 6.0

HAWAIIAN AND PART-HAWAIIAN BY RACE

Hawaiian.....	21,389	5.39	21,268	5.17	1 0.22
Caucasian-Hawaiian.....	19,890	5.00	20,507	4.98	1 0.2
Asiatic-Hawaiian.....	19,267	4.80	20,360	4.95	1 15
Total.....	60,546	15.19	62,135	15.10	1 0.9

¹ Decrease.

In the 8-year period since the 1930 Federal decennial census, the Board of Health estimate showed that the Territory has gained 43,149 from the 368,336 population of the Federal census, or an increase of 11.71 percent. The Caucasian classification, with an increase of 26,626, showed by far the heaviest growth of all the racial aggregations, while residents of Japanese origin showed an increase of 13,908 in the 8 years. The Hawaiian and part-Hawaiian classification showed a gain of 11,275 from 50,860 in 1930 to 62,135 in 1938.

In 1930, the Caucasian group comprised 21.82 percent of the entire population, while at present it comprises 26 percent of the entire population of the Territory. In 1930 the Japanese group comprised 37.91 percent of the entire population, while at present this group comprises 37.31 percent of the whole. In 1930 the Hawaiian and part-Hawaiian group comprised 13.82 percent of the whole, while at present this group comprises 15.10 percent of the whole. The Filipino group fell from 17.11 percent of the whole in 1930 to 12.83 percent at present; the Chinese group fell from 7.38 percent in 1930 to 6.90 percent at present; while the Korean group fell from 1.75 percent in 1930 to 1.63 percent at present.

The changes in the racial make-up of the Territory's population since the Federal census of 1930 and the present estimate of the Bureau of Vital Statistics are shown in the following tables:

Changes in Racial Make-up, 1930-38

Race	1930 census	Percent of whole	1938 estimate	Percent of whole	Increase	Percent increase
Japanese.....	139,631	37.91	153,539	37.31	13,908	¹ 0.60
Caucasian.....	80,373	21.82	106,999	26.00	26,626	4.18
Hawaiian and part-Hawaiian.....	50,860	13.82	62,135	15.10	11,275	1.28
Filipino.....	63,052	17.11	52,810	12.83	¹ 10,242	¹ 4.28
Chinese.....	27,179	7.38	28,380	6.90	1,201	1.48
Korean.....	6,461	1.75	6,707	1.63	246	¹ .12
All other.....	780	.21	915	.23	135	.01
Total.....	368,336	100.00	411,485	100.00	-----	-----

CHANGES IN CAUCASIAN MAKE-UP

Spanish.....	1,129	0.33	1,248	0.30	119	¹ 0.03
Portuguese.....	27,588	7.49	30,406	7.39	2,818	1.10
Puerto Rican.....	6,671	1.91	7,639	1.86	968	1.05
Other Caucasian.....	44,935	12.19	67,706	16.45	22,721	4.26
Total.....	80,373	21.92	106,999	26.00	26,626	-----

¹ Decrease.

By racial origin, the changes in the citizenship and alien status during the fiscal year are shown in the following table:

Changes in Citizenship-Alien Status

Race	1937 citizens	1938 citizens	Increase citizens	1937 aliens	1938 aliens	Decrease aliens
Japanese.....	113, 289	116, 584	3, 295	37, 852	36, 955	897
Caucasian.....	93, 485	103, 988	10, 503	3, 297	3, 011	286
Hawaiian and part-Hawaiian.....	60, 546	62, 135	1, 589			
Filipino.....	15, 322	16, 201	879	37, 713	36, 609	1, 104
Chinese.....	23, 246	24, 097	851	4, 411	4, 283	128
Korean.....	4, 269	4, 355	86	2, 409	2, 352	57
All other.....	799	825	26	77	90	13
Total.....	310, 956	328, 185	17, 229	85, 759	83, 300	2, 459

CHANGES IN CAUCASIAN CITIZEN-ALIEN STATUS

Race	1937 citizens	1938 citizens	Increase citizens	1937 aliens	1938 aliens	Decrease aliens
Spanish.....	1, 051	1, 069	18	182	179	3
Portuguese.....	28, 507	28, 898	391	1, 623	1, 508	115
Puerto Rican.....	7, 529	7, 639	110			
Other Caucasian.....	56, 398	66, 382	9, 994	1, 492	1, 324	168
Total.....	93, 485	103, 988	10, 513	3, 297	3, 011	286

¹ Increase.

Changes in Hawaiian, Part-Hawaiian Make-up, 1930-38

Race	1930 census	Percent of whole	1938 estimate	Percent of whole	Increase	Percent increase
Hawaiians.....	22, 636	6. 15	21, 268	5. 17	¹ 1, 368	10. 98
Caucasian-Hawaiian.....	15, 632	4. 25	20, 507	4. 98	4, 875	. 73
Asiatic-Hawaiian.....	12, 592	3. 42	20, 360	4. 95	7, 768	1. 53
Total.....	50, 860	13. 82	62, 135	15. 10		

¹ Decrease.

HAWAIIAN BIRTH REGISTRATION

A total of 646 certificates of Hawaiian birth was issued during the fiscal year ending June 30, 1938, by the office of the Secretary of Hawaii.

This brought to 28,162 the number of such certificates that have been issued by the office of the secretary since the inauguration of the system in 1905. This number included 408 renewals, while 790 applications have been denied in the past 33 years and 420 cases are being held for decision and further investigation. In the fiscal year four applications were denied.

By racial origin, the certificates were granted as follows during the year: Chinese, male, 42; female, 40; part-Chinese, male, 4; female, 4; Japanese, male, 232; female, 213; part-Japanese, male, 4; female, 1; all others, male, 61, female, 45; total, male, 343; female, 303. Previous certificates had been granted to 3,559 Chinese males, 1,758 females; 159 part-Chinese males, 64 females; 14,637 Japanese males, 5,824

females; 39 part-Japanese males, 23 females; 592 "All others" males, 453 females; or a total of 18,986 males and 8,122 females.

WORKS PROGRESS ADMINISTRATION

Works Progress Administration expenditures of \$3,147,616.39, plus local sponsors' contributions of \$1,150,341.32 allowed the Federal relief authorities to keep gainfully employed an average of 3,754 workers during the twelve months preceding June 30, 1938.

Total expenditures of Federal funds for the operation of non-Federal projects amounted to \$1,720,690.61, of which \$1,581,937.97 was for labor and \$138,752.64 for materials, equipment, rentals, etc.

Supplementing these expenditures by the Federal Government, local sponsors contributed \$1,150,341.32 for labor, materials, and rentals, making a grand total expenditure of \$2,871,031.93 for WPA non-Federal projects operated in Hawaii during the year.

Expenditures of WPA funds allotted to the Army during the period amounted to \$1,149,925.78 and to the Navy \$277,000, making total expenditures in the Territory of \$3,147,616.39 exclusive of the sponsor's contributions.

This money provided work for an average monthly employment for the year on non-Federal projects as follows:

Oahu.....	1, 042
Hawaii.....	658
Maui.....	329
Kauai.....	172
Molokai.....	79
<hr/>	
Average monthly WPA employees.....	2, 280
Average monthly Army WPA employees.....	1, 110
Average monthly Navy WPA employees.....	364
<hr/>	
Total average monthly WPA employees.....	3, 754

The average monthly expenditure per man-month for WPA, exclusive of Army and Navy, was \$57.82 for labor and \$5.07 for nonlabor costs—a total of \$62.89.

The total expenditure of \$1,720,690.61 was distributed over the following types of work:

Works Progress Administration Expenditures

	Pay roll	Materials, etc.	Total
Roads and highways.....	\$874, 822. 04	\$99, 763. 77	\$974, 585. 81
Buildings.....	89, 041. 29		89, 041. 29
Parks.....	89, 035. 55	19, 093. 53	108, 129. 08
Public utilities.....	230, 478. 50	18, 090. 01	248, 568. 51
Flood control.....	134, 452. 46	1, 789. 57	136, 242. 03
Miscellaneous.....	164, 108. 13	15. 76	164, 123. 89
Total.....	1, 581, 937. 97	138, 752. 64	1, 720, 690. 61

Besides the construction work prosecuted by the Works Progress Administration during the year a number of statistical, research, and educational projects also have been carried on, providing work for unemployed clerical and other workers.

These projects have been of great benefit to the different governmental departments, such as the Territorial Tax Office, Archives of Hawaii, the libraries, the Bureau of Vital Statistics, the Department of Public Instruction, and the Recreation Commission.

TERRITORIAL TREASURER

In the Territorial Treasury, total cash balances in all Territorial funds on June 30, amounted to \$9,214,393.73, as compared with \$6,745,807.96 on June 30, 1937.

By funds, the cash balances—general, \$2,716,550.53; sinking, \$241,255.90; revolving, \$441,544.22; trust, \$3,352,032.37; loan, \$616,605.90; special expendable, \$1,845,075.15; clearance, \$1,329.66.

Net cash in the general fund available for expenditure in the current fiscal year amounted to \$2,577,327.21.

Investments on hand in the sinking fund account on June 30 had a par value of \$9,469,300.00, and an investment value of \$9,582,637.82, or an accretion of \$113,337.82.

Total assets of the sinking fund on June 30 were \$9,710,555.90, consisting of a cash balance of \$241,255.90 and bond investments at par value of \$9,469,300. Against this total was a \$10,661,521.59 reserve required for redemption of term bonds, or a "paper" deficit amounting to \$950,965.69.

The aggregate outstanding bonded debt of the Territory on June 30 was \$36,167,000. The gross assessed value of real and personal property on that date amounted to \$392,976,235, as compared with \$394,159,873 on June 30, 1937. By islands, the gross assessed valuations were: Oahu, \$275,554.448; Maui, \$42,868,861; Hawaii, \$46,861,789; Kauai \$27,691,137.

Revenue receipts of the treasury during the year amounted to \$627,550.88, as compared with \$544,677.25 in the previous fiscal period—an increase of \$82,873.63.

The number of domestic corporations authorized to do business in the Territory as of June 30 was 947 with a total capitalization of \$358,087,758.

Of these, 84 with total capitalization of \$182,124,000 were classed as agricultural; 240 with total capitalization of \$78,861,588 were classed as financial; 82 with total capitalization of \$12,545,800 were classed as manufacturing; 182 with total capitalization of \$20,789,882 were classed as miscellaneous; 39 with capitalization of \$41,195,648 were

classified as public utilities; and 320 with capitalization of \$22,570,840 were classed as retail and wholesale.

The insurance business in the Territory improved over that of 1936, but was not quite equal to the amount transacted in the calendar year 1935. In 1937 a total of \$7,554,389.18 was paid by citizens of the Territory for insurance protection. Of this, 47.20 percent was for life insurance; 16.42 percent for fire; 14.17 percent for automobile; 7.50 percent for workmen's compensation; and 6.17 percent for ocean marine. The 1937 premiums showed an increase of \$863,960.61 over total premiums for 1936.

On this insurance, the Territory collected \$189,106.30 in taxes, while the same source in 1936 produced only \$167,472.37, an increase of \$21,633.93 for 1937. In license and filing fees the treasury collected \$11,503.18, as compared with \$9,098.90 in 1936.

Total deposits in the 7 banks and 21 branches doing business in the Territory on June 30 amounted to \$108,450,660.03, as compared with \$103,200,576.38 on June 30, 1937, an increase during the year of \$5,250,083.65. Of the June 30 deposits, \$31,017,633.24 were demand or commercial deposits; \$59,766,292.56 were time or savings deposits; \$15,649,549.61 were governmental deposits; and \$2,017,184.62 were classed as "all other" deposits.

Total assets and liabilities of all Territorial banks and trust companies amounted to \$138,876,408.59 on June 30 as compared with \$134,944,616.78 at the close of the previous year, an increase of \$3,931,791.81.

There is some concern felt over the growing bonded indebtedness of the Territory. The following public improvement issues have been made possible only by acts of Congress specifically authorizing said issues, which in effect have constituted amendments to the Organic Act and have allowed the Territory to issue bonds in excess of the limit authorized under the Organic Act. These issues are:

Date	Amount	Interest rate
		<i>Percent</i>
Dec. 31, 1935.....	\$1, 750, 000	3
Dec. 1, 1936.....	274, 000	3
June 15, 1937.....	100, 000	3
Nov. 15, 1937.....	3, 300, 000	3. 10

This is a total of \$5,424,000. In addition to this, on July 10, 1938, the Territory issued \$2,286,000 in 2¼ percent public improvement bonds, or a grand total of \$8,310,000. The importance of financing projects in the Territory which qualify for Federal grants is, of course, realized.

There is a growing feeling that the Territory should operate on a "pay-as-you-can" basis in regard to financing public improvement projects and it is hoped that the legislature may devise some means of raising the necessary revenue to finance important and necessary projects out of general Territorial realizations rather than by authorization for the issuance of additional public improvement obligations of the Territory.

Section 8000, Revised Laws of Hawaii, authorizes the issuance of Territorial bonds not exceeding a total outstanding bonded debt of \$32,750,000, excluding refunding issues.

TERRITORIAL AUDITOR

The Territorial general fund had, on June 30, total available resources and estimated revenues of \$14,685,775.01, and was faced with total obligations of \$14,843,999.78, which would result in a theoretically estimated deficit on June 30, 1939 of \$158,224.77.

It is anticipated, however, that the unrequired balances of appropriations of the general fund as of June 30, 1939, will offset the estimated deficit of \$158,224.77.

Available cash on hand at the beginning of the current fiscal year amounted to \$2,577,327.21, while estimated revenues accrued and to be collected amounted to \$4,161,554.16, and estimated revenues to be accrued or collected amounted to \$8,238,960.85.

Due the general fund from other funds was a total of \$280,890.00, while other investments of the Territory at par value were worth \$1,955.39.

Unallotted appropriations for the current fiscal year under the head of obligations amounted to \$11,481,983.45, unexpended allotments amounted to \$285,156.23, and reserves for contracts were set at \$97,487.45. For redemption of serial bonds, there was set aside \$277,364.36; expenses of the 1939 legislature were set at \$100,000.00; contingent appropriations were set at \$37,960; tax reimbursements at \$112.76; and due from the general fund to other funds, \$2,563,935.53.

In the general fund the sources of revenue receipts making up \$12,772,141 during the past fiscal year were:

Taxes, special assessment and special charges, fines, forfeits, and escheats-----	\$10, 645, 603
Subventions and grants, donations and pension assessments-----	216, 018
Rents of investment properties, and interest-----	685, 267
Earnings of general departments and public service enterprises from fees, charges, rents, and sales-----	1, 225, 263

Under the heading "Governmental costs" the Territorial government expended from the general fund during the past fiscal year, the sum of \$11,656,721, made up of the following amounts:

General government.....	\$900, 158
Protection to person and property.....	406, 834
Conservation of health and sanitation.....	1, 472, 145
Development and conservation of natural resources.....	268, 145
Highways.....	2, 836
Charities, hospitals, and corrections.....	1, 086, 018
Education.....	6, 346, 707
Recreation.....	22, 795
Miscellaneous.....	300, 582
Public service enterprise.....	304, 575
Interest.....	545, 925

COMMERCE

Commerce of Hawaii, verging closely now on a total of \$250,000,000 annually, showed an increase in the calendar year 1937 of \$26,433,227 over the value of the commerce in the previous calendar period.

In the calendar year 1937, the value of all Territorial imports and exports was \$246,073,011, as compared with a total valuation of \$219,639,784 in 1936.

The Territory had a favorable trade balance of \$18,406,603, the total exports being valued at \$132,239,807, while the value of imports was \$113,833,204. Exports of the Territory consisted of \$130,138,166 to the continental United States and \$2,101,641 to foreign countries. Imports from the United States were valued at \$104,180,911, while imports from foreign countries were valued at \$9,652,293.

Receipts of the customs service from all sources during the calendar year covered by the report amounted to \$2,458,214.42.

The pineapple industry is making long strides in overtaking the sugar industry as the premier commercial endeavor of the Territory. The value of the shipments of canned pineapple and pineapple juice increased by approximately \$4,000,000 each, while the value of sugar exports decreased by approximately the same amount.

The value of canned pineapple shipped in 1937 was \$42,705,114, as compared with the 1936 valuation of \$38,835,794. The value of pineapple juice shipments in 1937 was \$16,689,976, as compared with \$12,616,689 in 1936. Thus, the total valuation of shipments of pineapple was \$59,395,090 in 1937.

The value of the 1937 sugar shipments was \$63,575,478, composed of \$62,633,228, unrefined, and \$942,250, refined. The value of the 1936 sugar shipments was \$67,975,548, composed of \$66,309,641, unrefined, and \$1,665,907, refined.

Thus, while the value of pineapple shipments in 1937 showed an increase of \$7,942,607 over that of 1936, the value of shipments of the sugar industry in 1937 showed a decrease of \$4,400,070 from that of 1936.

This left the sugar industry with a lead in 1937 of \$4,180,388 in the value of its shipments over those of the pineapple industry.

The 1937 export shipments of fiber insulating board and of molasses increased by approximately \$250,000 each over those of 1936.

More than half of the Territory's entire foreign imports of \$9,652,293 came from Japan and Canada, those from the former country being valued at \$3,890,275, and those from the latter country being valued at \$1,435,187, or a total of \$5,325,462. This is largely accounted for by the importation of foodstuffs from those two countries during the Pacific maritime strike when no vessels except Government ships were plying between Pacific coast ports and Hawaii.

The tremendous influence of the sugar industry upon Hawaii's imports was displayed in the fact that those from British India amounted to \$967,329, chiefly for jute sugar bags, while the Territory's imports from Chile amounted to \$753,404, chiefly for elements for fertilizer.

The United Kingdom maintained its position as the Territory's best foreign market, as exports to that country were valued at \$584,473, although this figure showed a decrease of \$244,271 from the \$828,744 valuation of the Territory's exports to that country in 1936.

The total value of the Kona coffee shipments throughout the year was \$833,559, of which \$439,439 went to the mainland United States and the remaining \$394,120 going to foreign countries. This represented an increase of \$99,650 over the \$733,909 valuation of the 1936 crop.

UNITED STATES INTERNAL REVENUE SERVICE

The total amount of money collected in the Territory of Hawaii by the United States Internal Revenue Service since the organization of the Territorial government is \$170,145,363.96. Total disbursements during the same period, including salaries, incidental expenses, and refunds, have been \$1,370,822.69, leaving net collections of \$168,774,541.27.

Internal Revenue Receipts and Disbursements, Fiscal Years 1937 and 1938

	1937	1938
Collection on lists:		
Corporation income tax.....	\$5,065,581.52	\$5,730,426.47
Corporation excess-profits tax.....	55,646.49	109,204.88
Individual income tax.....	3,846,219.66	4,454,200.50
Estate tax.....	310,801.89	1,010,185.28
Capital-stock tax.....	546,010.79	546,157.93
Gift tax.....	333,254.32	209,103.73
Unjust enrichment tax.....	11,637.88	9,941.46
Distilled spirits.....	1,103.13	943.66
Narcotics.....	577.00	3,771.00
Dividend tax.....	74.78	
Railroad employment compensation tax.....		51,901.66
Miscellaneous income taxes.....	\$11.20	11,335.99
Miscellaneous.....	5,969.26	39,402.53

Internal Revenue Receipts and Disbursements, Fiscal Years 1937 and 1938—Continued

	1937	1938
Collection on lists—Continued.		
Manufacturers' sales on sugar tax		\$160,236.09
Social-security tax, title VIII	\$402,481.55	954,815.35
Social-security tax, title IX	316,814.73	229,548.73
Carriers' tax	76,302.56	
Tobacco	1,406.48	1,542.35
Cigars and cigarettes	86.55	70.73
Special taxes	26,799.07	31,766.14
Documentary stamps	50,587.12	60,190.85
Documentary stamps—stock transfer	3,719.06	4,174.31
Playing card stamps	3,318.40	3,425.50
Tax on lubricating oils	295.64	425.95
Tax on matches	25,338.98	21,987.54
Tax on electrical energy	95,523.69	111,744.21
Tax on telephone calls	8,851.20	9,751.00
Tax on toilet preparations	4,787.03	4,818.36
Tax on jewelry	63.98	
Tax on sesame oil	78.31	
Tax on coconut oil		346.50
Distilled spirits, tax paid	41,701.88	37,694.07
Rectified spirits	1,686.39	2,012.13
Wine stamps	1,702.95	1,919.93
Grape brandy	191.35	
Distilled-spirit bottle stamps	4,847.80	3,966.40
Fermented-liquor stamps	319,177.00	388,139.55
Opium stamps	.73	24.78
Opium order forms	14.00	12.50
Manufacturers' excise taxes	1,749.55	1,316.91
Admissions and dues taxes	65,911.66	69,962.81
Leases on safe-deposit boxes	1,978.58	2,369.45
Tax on gasoline	.65	
Advance collections for stamps	382.75	913.97
Total receipts	11,633,487.56	14,286,656.20
Total disbursements, including salaries, incidental expenses, etc.	69,099.66	86,207.48
	11,564,387.90	14,200,448.72

Special Tax Stamps and Certificates of Registry, 1938

Wholesale liquor dealers	61
Retail liquor dealers	655
Retail dealers in medicinal spirits	19
Rectifiers	1
Brewers	7
Wholesale dealers in fermented liquors	16
Retail dealers in fermented liquors	103
Temporary retail dealers in fermented liquors	1
Retail dealers in uncolored oleomargarine	299
Wholesale dealers in uncolored oleomargarine	3
Importers, manufacturers, etc., of narcotics	2
Wholesale dealers in narcotics	10
Retail dealers in narcotics	21
Practitioners, hospitals, of narcotics	306
Dealers in untaxed narcotic preparations	68
Manufacturers of playing cards	2
Peddlers of tobacco	14
Practitioners in marihuana	5
Total	1,593

HONOLULU POSTAL SERVICE

A new all-time high record for gross receipts of the Honolulu post office was established during the fiscal year ended June 30, 1938, at \$920,871.30. The figure compared with gross receipts of \$845,714.92 in the previous fiscal period. Thus, the receipts last year were \$75,-156.38 over those of the preceding period and forecast that the gross postal receipts of the Honolulu post office might attain a total of \$1,000,000 in the current fiscal year.

Other new high postal records established during the year, according to the report of the postmaster, were: Domestic money orders issued, \$2,794,781.33; domestic money orders paid, \$2,108,845.65; international orders issued, \$75,075.03; international orders paid, \$7,577; international money orders certified to Japan, \$278,849.17; international money orders certified to China, \$3,457.23; international money orders certified to New Zealand, \$629.62; international money orders certified to Australia, \$1,080.07.

Registered articles at the Honolulu post office numbered 92,457 with 116,009 articles insured, and 25,526 articles sent C. O. D., during the year.

BOARD OF HEALTH

The death rate for the Territory in the fiscal year ended June 30 dropped from 9.28 per 1,000 for 1937 to 7.91 per 1,000 population.

There were 3,219 deaths from all causes in the Territory during the year, a decrease of 465 deaths, or 12.6 percent.

There were 8,986 births, an increase of 223, or 2.5 percent over the preceding year. The annual birth rate, corrected for residence, was 22.21.

There were 532 deaths of infants under 1 year of age, a decrease of 119 deaths, or 18.3 percent. The infant mortality rate for the Territory per 1,000 live births was 59.20, as compared with 74.29 for the preceding year.

There were 30 deaths of mothers from all causes of the puerperal state, as compared with 42 deaths for the year 1937, a decrease of 12 deaths, or 28.6 percent. The death rate in the puerperal state, corrected for residence, per 1,000 live births and stillbirths, was 3.34, as compared with 4.68 for 1937.

There were 195 stillbirths, a decrease of 10, or 4.9 percent. The annual stillbirth rate per 1,000 live births and stillbirths was 21.26, corrected for residence.

There were 3,739 marriages, an increase of 313, or 9.1 percent. The marriage rate per 1,000 population was 9.25, as compared with 8.67 for 1937.

The total number of cases of communicable diseases for the year decreased from over 20,000 in 1937 to nearly 13,000 in 1938. The number of deaths from communicable diseases decreased from 861 to 575.

There was a sharp epidemic of whooping cough, principally on Kauai, during November, December, and January. An epidemic of influenza occurred during August and September 1937. There were more than 4,600 cases in 1938 as compared with 1,280 in 1937. Two cases of human anthrax were reported on Oahu, neither of which was fatal. Three cases of smallpox on arriving vessels were reported by the United States Public Health Service. There was a decrease in deaths from lobar pneumonia from 131 to 98. Diphtheria increased from 129 in 1937 to 167 in 1938, but the number of deaths decreased from 11 in 1937 to 5 in 1938.

The reporting of venereal diseases shows its importance and necessity for control. Over 1,000 cases of syphilis were reported in 1938, as compared with 563 in 1937, and more than 1,100 cases of gonorrhea, as compared with 326 in 1937. Syphilis was the third greatest cause of death among the communicable diseases, being exceeded only by tuberculosis and lobar pneumonia.

The large increase in cases, however, did not necessarily mean that these two diseases had become more prevalent during the year, but was taken as an indication that practicing physicians are cooperating closely with the board of health in reporting cases of these two diseases.

A training course was given at the University of Hawaii for public health nurses, but the class is still inadequate to fill the increasing needs of the bureau of public health nursing. Therefore, it has been necessary to bring qualified public health nurses from the mainland but it is increasingly difficult to obtain such qualified personnel owing to the enlargement of all health activities on the mainland, due to the Social Security Act.

The lowest death rate from tuberculosis in the history of the Territory was recorded by the tuberculosis bureau during the fiscal year 1938. Of the 3,077 active cases carried by the tuberculosis bureau, it is significant that 109 of the 907 new cases reported were reactivated cases. Deaths from tuberculosis totaled 280, being 71 less than the number for 1937. The death rate for the fiscal year was 69.29 percent.

While the gains seem commensurate with the coordinated practices of case segregation and treatment, care of dependents, case finding and educational efforts (particularly among contacts and other groups imminently endangered), there still remains a high number of cases reported after or near death. The trend of tuberculosis, together with

the marked decline in infection rates, gives reasonable implication that with adequate application of proper preventatives and diagnostic means, tuberculosis could be reduced to a minimum within the next decade.

The Territorial hospital for the insane had 893 patients at the beginning of the year and 941 at the end, an increase of 48. The average daily number of patients was 870, as compared with 823 for the previous year. The per capita cost of patients was \$1.18.

FEDERAL PUBLIC HEALTH SERVICE

A total of 230 in-patients received 3,082 hospital days' care, and 1933 out-patients were given a total of 5,741 treatments, by the Hawaiian office of the United States Public Health Service during the fiscal year ending June 30, 1938. During the year, 769 physical examinations of seamen were made, 19 foreign seamen received 28 out-patient treatments, and 14 dependents of United States Coast Guard personnel received 26 out-patient treatments. Twelve first-aid certificates were issued, and medical advice by radio was rendered to 13 ships at sea. At the Hilo branch station, 21 Coast Guard personnel were given 48 out-patient treatments and 12 days' hospital care.

The quarantine station maintained at Honolulu, is the first United States port of entry for east-bound aircraft and for most of the vessels coming from the Orient to the continental United States.

The importance of the station has been considerably increased during the past fiscal year due to the prevalence of cholera, smallpox, and typhus fever in oriental ports. New buildings are now being constructed at the quarantine station, including a detention hospital, attendants' quarters, and kitchen and toilet buildings. They are about half completed.

BOARD OF HOSPITALS AND SETTLEMENT

Hawaii is making slow but sure gains in its age-long battle against the dread scourge of leprosy.

The Board of Hospitals and Settlement report the continued decrease to a new low record in the total number of active leprosy patients at Kalihi Hospital and at Kalaupapa Settlement. Also the number of children in the Kapiolani Girls' Home (for nonleprosy children of leprosy parents) has been further decreased.

A comparison of the number of patients under the jurisdiction of the board as of June 30, 1938, and of June 30, 1937, showed the following:

	1933	1937
Kalaupapa Settlement, active patients.....	403	407
Kalihi Hospital, active patients.....	82	98
Total active patients.....	485	505
Patients on temporary release.....	164	148
Total in segregation and under control.....	649	653

Thus, the total number of active cases showed a decrease of 20 during the year and the number of patients on temporary release or parole showed a gain of 16, or a net decrease of 4 in the number of patients under the control of the board. The number of children in the Kapiolani Girls' Home showed a decrease of 23, from 40 to 17.

During the past 15 years there has occurred a definite decline in the number of new cases in the islands. During the period from 1934 to 1938, there were 23 percent fewer new cases than in the period 1924-28. The greater percent of this decrease has occurred during the past 5 years. During the period 1929 to 1933 there were but 6.9 percent fewer new cases than during the period 1924-28, while during the period 1934-38 there have occurred 17.3 percent fewer new cases than during the preceding 5-year period.

It must be remembered, in considering the problem of leprosy in the Territory, that all cases of leprosy developing among residents did not contract the disease in the islands. For many years people have come into the Territory from other countries. Most of these aliens have come from areas in which leprosy is endemic and which have a high incidence. There is no doubt that the majority of cases of leprosy in these foreign-born individuals contracted the disease before coming to the Territory. With few exceptions leprosy becomes evident several years after the individual has become infected, and many believe the disease is contracted, in the majority of instances, in childhood.

During the past 15 years more than 28 percent of all new cases have been found among these foreign-born individuals. It can safely be estimated that one in every four cases of leprosy occurring in the Territory during the past 15 years did not contract the disease in these islands.

It can safely be stated that there is no place in the world where the problem is handled as well as it is in Hawaii, both from the standpoint of protecting the public and the welfare of the patient.

The public is protected by the hospitalization and segregation of all known infectious cases and the keeping in segregation of all cases as long as they are considered infectious and capable of transmitting the disease to others.

As for the protection of the patient, before an individual can be segregated, he is examined by a board of three physicians of the Territory and not until in the opinion of this board he is suffering from leprosy is he placed in segregation.

The Territory of Hawaii considers anyone suffering from leprosy as one ill with a disease and in need of hospital care, as is the case of other ill individuals. It also believes that they should have the advantages of hospitals modernly equipped with facilities necessary for the treatment of sick people. Such hospitals have been provided by the officials of the Territory.

Kalihi Receiving Station in Honolulu is well equipped with all of the essentials of a modern hospital. The personnel consists of three full-time physicians, officers of the United States Public Health Service, six trained nurses, a dietitian and others. It is equipped with modern surgical, physiotherapy, and X-ray equipment. All equipment essential for the surgical and medical treatment of the patients is available. Under the supervision of a trained dietitian a well balanced diet is furnished the patients. The patients are not only treated for their leprosy but for any other illness with which they might be suffering and which required medical or surgical care. Children of school age attend school as do other children and are taught by a teacher furnished by the Department of Public Instruction and the classes are held in a separate school building.

Kalaupapa Settlement, on the island of Molokai, has a somewhat different status than the Kalihi Receiving Hospital. It is a settlement where the individuals are permitted to live their lives pretty much as they wish. They maintain their own homes in separate cottages and may have a garden, raise chickens, and live under conditions similar to those elsewhere. For those who are in need of medical and surgical care a well equipped infirmary or hospital building of 52 beds is furnished. The patients at Kalaupapa, as at Kalihi, are under the care of full-time physicians and trained nursing service.

For those who require domiciliary care, but not hospitalization, homes with supervision and care are furnished.

It is interesting to note that many patients have requested transfer to Kalaupapa where they have friends and where they can live a less restricted life.

It must also be remembered that the living conditions and the supply of food, clothing, and care are superior to what many were accustomed to outside of the settlement.

The board had available for the requirements of its several institutions and divisions for the 1937-39 biennial period a total of \$1,206,361.60, provided for as follows:

General appropriations.....	\$974, 710. 00
Public memorial to Father Damien.....	2, 469. 03
Kalihi Hospital rental.....	3, 240. 00
Governor's Contingent Fund for temporary assistants.....	942. 57
	<hr/>
	981, 361. 60
For new buildings, additions, repairs, improvement to buildings and ground, and furnishings and equipment for Kalaupapa Settlement, Kalihi Hospital, and Kapiolani Girls' Home.....	225, 000. 00
	<hr/>
Total.....	1, 206, 361. 60

Of the total \$981,361.60 for general appropriations, \$487,172.88 has been expended during the year ended June 30, 1938, showing a balance of \$494,188.72 available for the ensuing year, which in comparison with a present forecast of requirements registers a 5-percent reserve. The board has endeavored throughout the past fiscal year to maintain such a reserve to care for unforeseen emergencies, increased costs, and new activity, rather than to operate on a close financial schedule.

In the three institutions Kalaupapa Settlement, Kalihi Hospital, and Kapiolani Home, the direct institutional per capita cost per day was 65 cents for personal services, the same as the past year, and \$1.44 for current expenses as compared with \$1.21 for the previous year. The total for all purposes \$2.09, the year before \$1.86. This rise is attributed, first, to the drop of 10,000 inmate days brought about by the discontinuance of the Kalihi Boys' Home and the placement of children from Kapiolani Home and, second, to the rise in expenditures at Kalaupapa and Kalihi primarily in the increased values of rations and allowances provided by the last legislature.

The outstanding improvements under the improvement program at Kalaupapa include the completion of new features, additions and improvements to the water system, extensive planting and improvement to grounds, the construction of barracks for noninmate workmen, an addition, exclusively for patients, to the general warehouse, a new corporation yard and garage, material shed and concrete hollow-tile plant, rock crusher, remodelling and improvements of about 40 patients' cottages, all of which cost in the neighborhood of \$125,000.00.

PUBLIC WELFARE BOARD

The Territorial Board of Public Welfare has been obliged to practice the strictest economy during the past fiscal year and it has become evident that a satisfactory discharge by the board of the duties laid upon it by the Public Welfare Act cannot be accomplished, even with all of the collections under the present one-half of 1 percent tax

allocated to it; this is a situation which will have to be met by the 1939 legislature.

The number of cases of need coming to the organization has increased so that the cases in June 1938 numbered 3,750, an increase of 828 over the same month of 1937. It is known that this increase does not represent all that should be cared for, especially in the field of needy children.

On June 1, 1937, the Public Welfare Act became effective. In the brief period between its approval on May 18 and June 1, it was necessary for the Governor to make the necessary appointments and for the board and the county commissions to organize and be prepared to discharge their duties. The situation did not permit of delay or of taking time out to perfect the organization.

On June 1, 1937, a total of 2,922 cases, many of them comprising several persons, were turned over to the new organizations by the former boards of child welfare and old-age-pension commissions of the several counties, which were abolished by the Public Welfare Act, and by other organizations which had been caring for the needy with public funds supplied by the former Territorial Relief and Welfare Commission.

There were 813 old-age cases, 740 child-welfare cases, and 1,369 in the third group mentioned above. These people were in no position to look out for themselves and their care had to be continuous without regard to what organization was responsible for it.

The problem of providing the necessary funds to carry out the purposes of the act was a difficult one for the legislature to solve. There was too little basis of experience to allow accurate budgetary planning. The one-half of 1 percent tax on all salaries and wages and on corporation dividends which had been in effect, primarily for relief of unemployment, was continued.

From the proceeds an appropriation at the rate of \$650,000 per year was made available to the board of public welfare, and it was provided that the Governor could, in his discretion, allocate to it any part or all of the surplus of collections over the \$650,000. The board was instructed to expend the funds in such a manner as to secure the financial assistance available under the Social Security Act. A separate appropriation was made for sight conservation and work with the blind to be administered by the board.

UNEMPLOYMENT COMPENSATION

A total of \$2,412,367.01 had been collected in the Territory by the unemployment board.

Of this total, \$449,022.95 represented a refund of taxes paid under title 9 of the Social Security Act for 1936; \$943,612.88 was collected

on wages payable in 1937, and \$1,019,731.18 on wages payable in the first 6 months of 1938. The trust fund also received \$6,583.70 in interest from the United States Treasury as of March 31, 1938, and this interest, added to the contributions which had been received, made a grand total of \$2,418,950.71 available as of June 30 for unemployment compensation payments to eligible unemployed workers.

The unemployment compensation division of the board is collecting contribution reports from employers on an average of 118,884 workers in the Territory.

The total earnings of all employees covered by the board, on which the contributions were based, amounted to \$94,503.269.14 in the period covered by the report.

Although the unemployment compensation division was engaged primarily in assisting in the collection of contributions from employers and in setting up individual employee earnings records, during the 9 months of its operation it was necessary that it prepare for benefit payments, which, according to the law, are to begin after January 1, 1939. As a consequence, the division began in the early summer of 1938 to study the problem of benefit payments and to develop procedure for making benefit payments. After the procedure and the plan of organization are approved, it will be necessary to develop an organization which will be ready to operate on January 1, 1939.

The board has under consideration several amendments to the law to present to the next session of the legislature in 1939. The board is required to make a study of the subject of merit rating before the next legislature convenes, and to make recommendations to that body concerning the possibility of amending the unemployment compensation law in this respect. The law further requires that studies be made which will guide the board in a program designed to promote employment stabilization. It hopes to initiate such studies in the near future.

Basically, the Territory unemployment compensation law has three primary objectives. First, it provides for the accumulation of reserves during periods of expanding employment which may be used for the payment of benefits to persons who may subsequently become unemployed through no fault of their own. These reserves are accumulated through taxes levied on employers. Employees do not make any payments to the unemployment compensation fund. The payment of unemployment compensation benefits will tend to lighten the burden of the greatest hazard which workers must face—the hazard of the total loss of income through unemployment.

A second objective is the stabilization of employment. It is believed that a measure of stability of employment will result from the

maintenance of purchasing power, through the payment of benefits in periods of declining business activity. The division proposes to conduct research which will guide it in promoting employment stabilization throughout the Territory in every feasible way.

In the third place, the unemployment compensation law provides for the maintenance of free public employment offices to assist workers in obtaining suitable jobs and to assist employers in obtaining suitable workers.

The accomplishment of two of these objectives—promoting the stabilization of employment, and the payment of benefits to those who, through no fault of their own, are temporarily without jobs—provides the Territory with a necessary and socially desirable element in its social security program.

A public employment office of the employment service division of the board was established in Honolulu. Thus far employment service activities have been confined to Oahu because funds were not available to make possible the establishment of employment offices on Hawaii, Maui, and Kauai.

However, the board at its June meeting deputized the directors in charge of the compensation offices already established on these three islands to act as employment service representatives. This will make possible the expansion of the employment service to these three counties. It is anticipated that well established employment service in these counties will be in effect before the end of the current year.

Through the facilities of the Honolulu office is provided and maintained a single, efficient channel through which available workers and available job openings pass, and makes possible the matching of these job opportunities with the best qualified workers of the entire available supply in the community. Having registered 6,194 applicants for work and with an active file of 5,230, here in one office and available to the entire community, is the most up-to-date cross section of employables in Honolulu. Classified, as they are occupationally, on the basis of their previous work history and further coded according to their vocational and educational status, it presents to the employer for his use a truer picture of the potential worker than can be acquired elsewhere.

The Honolulu office opened February 10, 1938. Since that time there has been a continual stream of applicants being registered or reinterviewed, workers referred for placements, and employers and individuals with job openings seeking suitable help. As was expected, the peak months were February and March, with 1,224 for the former and 1,726 for the latter. April showed a tapering off which began about the 9th of the month. Total for April was 1,332, for May, a

drop to 927, and June a slight increase to 985. Of the 6,194 applicants registered, 5,554 were men and 640 women. Veterans numbered 371.

Verified placements through the Honolulu office totaled 3,889, divided as follows: Private, 472; public, 1,014; and 2,403 other, or relief. Only verified placements actually made through the office are considered.

While "other" (relief) placements have shown a tendency to fluctuate from month to month, and "public" (PWA and governmental) placements to maintain an almost even level except for a slight drop in May and June, "private" placements, with 9 in February, the first month, have steadily crept up with each succeeding month to a new high in June of 202.

It is in this latter category, namely, placements to private industry and individuals, that the employment service is more than anxious to place as many workers as possible, for it means a return to normal work channels of these registrants and is the ultimate goal of all employable persons. The steady increase from month to month of verified placements to private industry is most gratifying.

PUBLIC INSTRUCTION

The peak of the public-school enrollment has passed out of the elementary grades and into the high schools. Enrollment at the close of school in June reached a total of 88,885. This was an increase of 2,499, or 2.89 percent over the enrollment of the previous year.

In each of the elementary grades there has been a decrease excepting in the sixth grade. The total decrease in these grades was 689 or 1.23 percent. On the other hand, the traditional high-school grades (grades 9 to 12) increased from 14,333 to 16,993—a gain of 2,660 or 18.56 percent.

More of Hawaii's children of school age are actually in school than ever before. This is due largely to the fact that equality of educational opportunity is being rapidly realized. Only a few years ago schooling above the eighth grade was confined to Honolulu and Hilo and a few other communities. There are now 34 rural districts where work above the eighth grade is offered. Ten of these are senior high schools. Fourteen others are intermediate schools. Under present plans at least five of these will become high schools within the next 2 years.

It is significant that whereas a decade ago the heavy increase was in the lower grades, it is now in the upper grades. On the basis of birth statistics during recent years, it is obvious that the enrollment in the elementary grades will continue to fall. For the next 3 or 4 years there will continue to be a marked increase in the upper grades, after

which the peak will be passed and a decrease experienced. There is a probability that within the next decade the total enrollment will decrease by 12,000 to 15,000 children or even more. This prediction is reasonable in light of the fact that the recorded births for the 3 calendar years 1933, 1934, and 1935 were 28,145 or 9,657 fewer than the 37,802 for the 3 years 1924, 1925, and 1926. Obviously, such a decline in the number of births must affect school enrollment.

There are a number of reasons why the increase is so heavy at present in the upper grades. The most important are:

1. Increased opportunity for school attendance in the upper grades in rural as well as urban communities.
2. Raising of the age of compulsory attendance by the 1937 legislature had a psychological as well as a legal effect. This law gave increased governmental approval to school attendance and with other community influences gave emphasis to the importance of young people continuing in school.
3. Children born during the period when the annual number of births was highest are now passing through the secondary schools, thus making the increased enrollment inevitable.

With this growth in enrollment and the more extensive grade offering in the rural districts has come an enriched curriculum. Patrons of these schools are more and more insistent that attention be given to chorus, orchestra, and band, to elementary art and home beautification, and to a recreational program that will make the rural areas attractive and desirable for youth.

In the development the most significant social fact is that these changes are taking place because the people—parents, civic leaders, and industrialists—are demanding them. They believe that these changes will help to bring about a better Hawaii for everyone. Public officials, particularly the members of the 1937 legislature, have assisted in making these changes possible and in bringing about needed developments.

School people may be gratified at the growth which has taken place, but they realize it has no significance unless the educational program offered is socially sound and points to the right kind of development for the individual and for the community. There are some parts of the program about which they are reasonably certain. They know, for instance, that the young people who come from the schools today are reading more than ever before (library records show this); that they are more familiar with the world in which they live; that in the main they have a better understanding of the community in which they live. But this is not sufficient. They want to feel that the school is right in its consideration of the fundamentals of life.

They believe that the school is right in its attitude toward the child. The school believes in the child's right to a sound mind in a sound body, to wholesome recreation, to desirable moral environment, to

vocational opportunity and efficiency, and to a place in the social and economic order that will make for happy productive living. It believes in youth—sometimes even more than does the church or home. It knows that there are differences among individuals and that it is important to give consideration to these physical, mental, or emotional differences. This attitude toward youth makes education a science which must be based on study, investigation, and experience. Only in this way can the money spent bring young people into a life of happiness and social helpfulness.

The school is also right in that it is concerned more than ever with the attitude of youth toward life. Its chief concern is to help young people become good neighbors, effective workers, intelligent citizens with an appreciation of all that is good in Hawaii, and the desire to work with others in improving community life.

This topic was recently discussed by a committee of civic and industrial leaders who, in a meeting with school officials, listed the following recent changes in the schools as having a bearing on the development of a spirit of understanding and cooperation:

1. Adoption by the commissioners of an educational policy which relates the curriculum to the local environment.
2. A better understanding on the part of principals and teachers of both the major and minor industries of Hawaii, and a desire to participate more actively in the life of the school community.
3. Care in selecting teachers with a longer period of professional training, who have a feeling of security and who are sensitive to the educative factors in community life.
4. Extension of the educational program, particularly in rural areas, thus making for greater equality of opportunity.
5. Increased confidence of parents in rural schools and interest of children which has resulted in larger numbers remaining in school with a feeling of satisfaction.
6. Frequent discussions in the school and in community forums of the problems and opportunities of employment in Hawaii.
7. Development of an extensive vocational program in the trades, agriculture, and homemaking, in addition to the more traditional school subjects and activities.

There are reasons for believing that these developments within the school, in conjunction with related trends in industry and each community, are building an attitude that is wholesome and constructive both for the individual and for society.

THE UNIVERSITY OF HAWAII

Regular undergraduate enrollment in the University of Hawaii increased in the 1937-38 school year by 18 percent over the enrollment in the preceding year, which in turn had shown an increase of about 15 percent over 1935-36.

It is expected that there will be similar annual increments for perhaps 7 or 8 years more, for the population of this Territory is still abnormal in its age distribution and will not attain normalcy until about 1945 or later.

The 1937-38 enrollment figures were: Post-graduate students, 498; regular undergraduates, 1,637; unclassified and noncredit, 623; summer session, 1,294. Of the regular undergraduates 609 were freshmen; 438 were sophomores; 313 were juniors; and 277 were seniors.

At the 1938 commencement, 19 Master degrees and 297 Bachelor degrees were awarded; also 71 certificates for the fifth year course in teachers college, and 5 certificates for the course in public health nursing.

A large number of our students find it necessary to earn some money in order that they can maintain themselves in the university. The university's personnel office assists such students to find part-time jobs, either on the campus or elsewhere. During the year some 452 students were thus assisted, the majority of them having been handled through the National Youth Administration which spent \$14,302.34 for this purpose for our university students.

Scholarships, some cash and some tuition exemptions, were given to 56 needy undergraduate students, the individual awards varying from \$50 to \$150, to a total value of \$4,670 or an average of a little over \$83 each.

The university library now has a total of more than 426,769 items, of which 114,976 are bound books and 311,793 are pamphlets and periodicals. This represents a very substantial increase over the preceding year.

The psychological clinic is performing a very important function in the Territory, helping courts, schools, and other institutions in the handling of many hundreds of problem cases. While it is probable that there is need for a psychiatric clinic, it is strongly urged that it should not be allowed to diminish the effectiveness of the university clinic, whether by unnecessary duplication or overlapping of functions, or by competition for public financial support.

Agriculture rightfully claims a large part of the university's time and attention, both in teaching and in research. Practically all graduates in this general field find employment soon after completing the course here, some in the sugar or pineapple industries, some in teaching vocational agriculture, and some in some other related line.

In the research field, the most notable development is the ending of the transition period for the experiment station. In 1929 the former Federal station, established in 1901, entered a progressive coalition with the university's agricultural research department by a plan

which was to occupy a period of several years in consummation. This period ends with this year, and hereafter the Hawaii Experiment Station is to be on the same status as are the several State stations. In other words, our experiment station will be a Territorial institution, an integral part of the University of Hawaii and directed by the university, but with a portion of its supporting funds derived from the Federal Government, through the several Congressional acts which extend Federal aid to the States, namely, the Hatch, Adams, Purnell and Bankhead-Jones Acts.

Expenditures by the university last year, exclusive of loan fund and Federal PWA items, were \$1,094,179.68. Of this \$417,431.79 was derived from Territorial appropriations, \$280,016.64 from Federal appropriations, and the balance, \$396,731.25 from student fees, gifts, sales of goods, and other nonpublic sources.

BOARD OF INDUSTRIAL SCHOOLS

The home placement program of the board of industrial schools for both boy and girl inmates of the institutions passed the experimental stage in the fiscal year ended June 30, 1938, and has proved to be a decided benefit to the youthful delinquents.

The board also realizes the need for a coordinated plan for follow-up work in a rehabilitation program for the boys and girls when they leave the school.

Considerable improvements to the plants of both the Kawaiiloa and the Waialeale Training Schools are in prospect, plans now being ready for a gymnasium, laundry, and cafeteria building at Kawaiiloa, and kitchen, dining room, and shop buildings at Waialeale.

These buildings will aid materially in the educational program outlined for the schools.

WAIALEALE TRAINING SCHOOL FOR BOYS

A net gain of 7 in the population at the boys school was noted in the report, there having been 150 inmates as of June 30, 1938, compared with 143 as of July 1, 1937. During the fiscal year, 71 boys were committed, 93 were released, while 29 were recommitted. Of the dismissals, 61 were paroled, 1 was placed on deferred parole, 16 were placed in private homes; 8 were released, having attained their majority, 4 were sent to the city and county jail, and 3 to Oahu Prison.

Of the 71 new commitments, 29 were charged with larceny, 22 with incorrigibility, 9 with burglary, 8 with malicious conversion, 2 with criminal assault, 1 each with assault and battery and forgery, and 1 on unstated delinquency.

The age of 14 years appeared to be the "problem period" for boys of the Territory during the year, as 23 of the 71 new commitments

were of that age. Next came the age of 13 years, with 12 commitments. The ages of 15 and 16 years were given for 10 each of the new commitments, while 9 of the new inmates were 12 years old and 7 were 17.

KAWAIILOA TRAINING SCHOOL FOR GIRLS

A total of 250 girls were cared for during the calendar year 1937 at the Kawaiiloa Training School for Girls.

There were 141 inmates in the school on January 1, 1937, with 30 others on parole. New commitments during the period totaled 79, while 3 former inmates were recommitted. Oahu furnished 2 of these commitments, with Maui supplying the other. Of the new commitments, 62 came from Oahu, 9 from Maui, 5 from Hawaii, and 3 from Kauai.

Releases during the year numbered 37, while 130 other inmates were placed on parole. Incurrigibility resulted in the transfer of 3 girls to the city and county jail, while 66 others were returned to the school for violation of their parole.

The ages of 13 and 14 years appeared to be the problem period for the girls of Hawaii during the year, as 16 new inmates were committed at each of these ages. Of the other new commitments, 15 were 15 years old, 13 were 16 years old, 10 were 17 years old, 4 were 12 years old, 3 were 18 years old, and 2 were 19 years old.

A significant element in the report was that 50 of the 79 new commitments had both parents living; 13 had the father only living; 8 had the mother only living; and the remaining 8 were orphans.

Of these 79 new commitments, 33 were based on incurrigibility, 20 on immorality, 11 on delinquency, 5 on larceny, and 4 on statutory offenses.

Produce of various kinds raised on the school farm during the year was valued at \$16,934.20 at the quotations contained in the University of Hawaii market letter.

WAIMANO HOME FOR FEEBLE-MINDED

There is pressing need for plant improvements at the Waimano Home for Feeble-minded Children. The institution is filled to capacity and many are awaiting admission. The following is a list of much-needed improvements: An auditorium and school building for the boys' department, a septic tank for the girls' department, and a new dairy barn, a central dining room and kitchen, a new dormitory, and an auditorium for the girls' department. There was recently prepared for the Territorial Planning Board a tentative plan for a 10-year program for improvements for the home.

Statistics of the institution showed the following: Capacity, 161 male, 207 female, total 368; number enrolled, June 30, 1937, 168 male, 210 female, total, 378; number present, June 30, 1937, 144 male, 198 female, total, 343; admitted during the year, 7 male, 22 female, total 29; discharged during year, 1 male, 1 female; died during year, 4 male, 5 female, total 9; number on parole, 16 male, 13 female, total 29; number escaped, 15 male, 12 female, total 27; enrolled June 30, 1938, 153 male, 210 female, total 363; number present, June 30, 1938, 148 male, 206 female, total 354; number absent, June 30, 1938, 6 male, 4 female, total 10.

By counties as of June 30, 1938, the quotas and number of inmates were: Hawaii, quota 73, inmates 75; Kauai, quota 36, inmates 43; Maui and Molokai, quota 56, inmates 56; Oahu, quota 203, inmates 195.

By racial origin, the inmates as of June 30, 1938, were listed as: Hawaiian 82, Japanese 81, Portuguese 51, part-Hawaiian 47, Puerto Rican 37, Filipino 18, Chinese 16, part-Portuguese 10, Korean 8, part-Puerto Rican 7, Caucasian 6, part-Filipino 4, Mexican and part-Japanese, 1 each.

PUBLIC LIBRARIES

For the first time in the history of the Library of Hawaii the increase in the number of volumes loaned in 1 year exceeded 100,000. The total circulation, however, is still 8,000 below the peak recorded in 1932.

The 894,910 volumes issued were borrowed from 70 distributing agencies throughout Oahu, including the main library, 4 branches, 39 stations, and the book car which regularly serves 26 rural schools.

The most encouraging aspect of the tremendous increase in circulation is that the children are once more making the Edna Allyn Room of the main library a favorite port of call. After a 4-year slump, the books borrowed from the children's room skyrocketed upward by 31,782 in the past 12 months.

While the reading of nonfiction comprises 53 percent of the total, it is believed the 47 percent of good fiction read has been a valuable source of recreation and inspiration.

Librarians in the outside counties also reported increases in circulation and reading interest.

PUBLIC ARCHIVES

A decided increase in the work accomplished and in the public's use of the records in the Archives of Hawaii was noted during the past year.

Not only do residents and visitors seek information from this bureau, but requests are being received from all parts of the globe. Territorial and city and county departments have long used the archives, and the divisions of the Federal Government are finding the records of more and more value. This is especially true of the United States Immigration and Naturalization Service, whose officers cooperate in every way with the archives' staff. Instructors and students from the University of Hawaii and from mainland colleges spend days and weeks in searching archive resources, while writers find a wealth of material for articles and books.

During the year ended June 30, 1938, 2,991 individuals were personally furnished information, and 250 by letters. A total of 35,480 records were used. Certificates of arrivals and departures numbering 416 were used, including 33 to the United States Immigration Service and 26 to the public welfare commission. Cards typed numbered 50,193, including indexes to newspapers, foreign offices, and the Interior Department files; 35,480 cards were revised, and a total of 85,673 filed. Chinese records numbering 26,059 were indexed and filed, including immigration and naturalization certificates, passports, residence bonds, and fire claims. This work has necessitated extensive cross-indexing due to the English spelling of the Chinese names, as well as the Oriental custom of transposing names.

An index has been compiled of all passenger lists filed in the archives carrying Oriental and Portuguese passengers. A total of 667 items were repaired and rebound. A total of 10,223 pages of letter books were typed and proofread, and 3,500 were translated. All election records have been arranged in chronological order, and 7,305 index cards typed for applicants for registration.

Accessions during the year included 5 items by purchase and 143 gifts. The harbor master, collected and deposited in the archives all available records pertaining to that office. The only harbor master records now missing from the archives are the ones listed in the Stephen Reynolds' Journals and those of Captains Meek and Holdsworth.

A group of local businessmen purchased 34,000 negatives of old pictures from Williams Studio, and these have been deposited temporarily in the archives with the provision that they may be used if one print of each negative used is added to the collection. This collection includes pictures of local people as well as events and scenes of historic interest over a period of more than 50 years.

After years of searching, the original design of the coat-of-arms of the Kingdom of Hawaii was located at the College of Arms, London, England, and a copy has been ordered. The original design was traced through a note of R. C. Wyllie, Minister of Foreign Affairs,

and the cooperation of Archibald G. B. Russell, Lancaster Herald, College of Arms.

Photography is playing a more and more important part in the recording of old documents, and the archives should be equipped with a microphotographic outfit. This method is in use in Great Britain and in both the Library of Congress and the National Archives.

The assistance rendered by the Works Progress Administration has been of material value, enabling the archives to complete several important tasks and to start others. The suspending of this project has greatly curtailed the work and it is sincerely hoped the project will soon be approved.

The aims of the Public Archives of Hawaii are to give accurate information and efficient service; to collect material relative to the government and the rulers of Hawaii; and above all, to carefully preserve the records of Hawaii.

HAWAII NATIONAL GUARD

Federal funds amounting to \$287,365.34 and Territorial funds of \$71,751.55, or a total of \$359,116.89 were expended on the Hawaii National Guard in the last fiscal year.

One of the outstanding events of the year in the training program of the guard, was the test mobilization which took place on February 27. Organization commanders were given 12 hours in which to assemble their units at designated assembly points. The percent attendance, which was commendable, was as follows:

	<i>Percent</i>
Territorial staff and detachment.....	100
298th Infantry.....	73. 12
299th Infantry.....	86. 77
All Units.....	86. 63

As compared with an authorized strength of 122 officers, 2 warrant officers, and 1,819 enlisted men, the actual strength of the guard on June 30 was 1,848 active officers and men, and 274 inactive officers and men, the active list showing a gain of 4 officers and 97 enlisted men over the strength on June 30, 1937.

The five leading racial origin classifications of the guardsmen were listed as follows:

Hawaiians and part-Hawaiians.....	786
Portuguese.....	313
Chinese.....	265
Caucasians.....	217
Puerto Ricans.....	107

During the year, the number of Japanese members of the guard showed a decrease of 27, while the Caucasian classification decreased by 19. On the other hand, the major increases by racial origin during the year were Hawaiians and part-Hawaiians, 61; Chinese, 52; Portuguese and part-Portuguese, 38; and Puerto Ricans, 29.

The new Wailuku Armory on Maui, constructed at a cost of \$102,632, was officially opened on December 4, and houses the headquarters, headquarters company, and companies B and D of the First Battalion of the 299th Infantry.

During the year new radio equipment was added to provide transmitting and receiving sets at the Honolulu, Wailuku, and Hilo Armories. It is expected that similar equipment will be installed soon on Molokai.

The Federal Government expended 4 dollars for every dollar expended by the Territory in the support of the guard during the year. The condition of property and property accounts in the guard has improved. All outstanding claims of the Federal Government for lost property have been settled. New tables of basic allowances issued by the National Guard Bureau for all units contained many drastic changes and as a result there is at present much surplus property on hand.

HAWAIIAN HOMES COMMISSION

Pineapple production from homesteaders' fields and various blocks at Hoolehua, Molokai, aggregated 23,203 tons with a gross valuation of \$502,461.61 in the fiscal year ended June 30, 1938.

In net proceeds the homesteaders received \$232,047.60. There were 1,571 acres planted to pineapples on June 30, 1938, while another block of 250 acres will be planted to pineapples this fall.

A total of 776 acres was planted to diversified crops with encouraging results during the year. Of this total, 469 were planted to corn, the average yield being 1 ton per acre for which the homesteaders received favorable prices. Irish potatoes were successfully produced, but prices obtained were not so favorable as in previous years because of the unusually early potato harvest on the mainland. A total of 64 acres of potatoes were planted and harvested. Due to inclement weather conditions, homesteaders, with one or two exceptions, lost their entire melon crops.

Cattle sales for the year brought \$1,088. There were 510 head of cattle stocked in 2 of the commission's community pastures on June 30, 1938. The third pasture has not been used for the past 2 years on the recommendation of the University of Hawaii agricultural department because of intensive grazing in previous years.

A contract for the development of water supply and necessary piping to furnish the Nanakuli homesteaders with domestic water was awarded by the city and county in May. The commission will contribute \$68,000 toward the cause of this improvement.

With the beginning of the fiscal year the commission entered into an entirely new financial set-up. The 1937 legislature appropriated \$150,000 from the general fund for the operation of the commission during the 1937-39 biennium. An appropriation of \$80,000 was also made available for the development of the Keaukaha area at South Hilo, Hawaii. Prior to July 1, 1937, and dating back to the inception of the commission in September 1921, all of the operating costs and development work of the commission were financed out of its revolving fund.

PUBLIC LAND ADMINISTRATION

The total value of the 1,588,430 acres of Territorial public lands on June 30 was estimated at \$112,547,827.90.

The area consisted of 41,070 acres of agricultural lands valued at \$275 an acre, or a total of \$11,294,250; 637,840 acres of pasture land valued at \$25 an acre, or a total of \$15,946,000; 22,870 acres of homestead lands valued at \$35 an acre, or \$800,450; 1,000 acres of home and business lots at \$2,000 an acre, or \$2,000,000; 37,755 acres of reservation for public purposes at \$2,000 per acre, or \$75,510,000; 698,216 acres of forest reservations at \$10 an acre, or \$6,982,160; and 149,679 acres of waste land at 10 cents an acre, or \$14,967.90.

Special effort was made during the year to collect delinquencies owing by homesteaders and a study as to how and what may be done to correct homestead delinquencies, not only in payments, but in compliance with other homesteading requirements as well. To this end considerable progress has been made by many of the homesteaders realizing that it would be best for them to surrender their homestead holdings and thus relieve themselves of the delinquent payments. Most of these homesteads which were surrendered are leased and made revenue-bearing rather than to rehomestead same, and thus create uncollectible accounts.

Special effort was also made in renewing cane land leases to the end that the Territory share in the profits derived from the leased areas. Two of the more important of such leases covering large areas of land which were completed during the year include the lease to Hilo Sugar Co. of 2,265,656 acres of the land of Piilhonua, Hawaii, which was leased for \$10,955.50 per annum, in addition to which the Territory will receive 20 cents per acre per annum for each \$1 increase in the price of sugar, commencing at \$50 per short ton.

The other was the lease to Kekaha Sugar Co., covering 29,698 acres at Waimea, Kauai, which was leased for \$130,000 per annum, in addition to which the Territory will receive \$6,500 per annum for each \$1 increase in the price of sugar commencing at \$50 per short ton, up to \$70 per short ton, and thereafter \$4,000 per annum for each \$1 increase in the price of sugar.

It is gratifying to note that the collections by the commissioner of public lands, from all sources during the year, totaled \$957,210.62, an increase of \$63,605.53 over the preceding year. Of this amount, \$658,882.11 was for land rentals; \$112,485.60 was for water and land licenses; \$147,125.61 was for sales of public lands; \$26,997.52 was for interest on sales of public lands; \$9,300.33 was for fees; \$243.45 miscellaneous revenue; and \$2,176 was for improvements on lands.

Due to the sugar quota, several lessees of cane lands have discontinued the use of such land for cultivation and are using the same for pasturage purposes. Because of this change as to use, it is quite difficult to properly classify Government lands at this time. It has been noticed also, that large areas of Government land heretofore used for the cultivation of pineapples have been discontinued as such and have been permitted to go back to pasture. But every effort is made, nevertheless, to keep under lease all available Government land for revenue-bearing purposes and at the same time, offer for sale, in accordance with the law, to individuals such small areas as can be developed into home lots in order to encourage home ownership.

BOARD OF COMMISSIONERS OF AGRICULTURE AND FORESTRY

A total of 1,652,437 trees were planted on 3,835 acres of land within the forest reserves on the 5 main islands in the Territory by the Board of Agriculture and Forestry during the fiscal year ended June 30.

From the nurseries of the board were distributed a total of 2,356,797 trees. During the year, the board planted a total of 59,314 fruit trees. This number far exceeded that of any previous year.

In addition to the regular patrol of the 415 miles of fence, protecting forest reserves, the board constructed 13.91 miles of new fence; rebuilt 14.29 miles of existing fence and repaired 24.57 miles of old fence. During the same period a total of 8,269 wild animals were killed within and adjacent to forest reserves. These consisted of 3,670 goats, 2,199 pigs, 2,380 sheep, and 20 cattle.

The system of forest trails and roads is now practically complete. During the year a total of 21.73 miles of new horse and foot trails and a total of 7.71 miles of truck trails were built and a total of 61.14 miles of horse and foot trails and a total 56.17 miles of truck trails were maintained.

Only one small forest fire occurred during the year within the Nanawale reserve on the island of Hawaii. Only two acres were burned over and the fire was put out quickly.

The Civilian Conservation Corps continues to supply the main source of labor and during the year they expended a total of 98,869 man-days on work projects on all of the islands. The authorized strength has been held to 600 enrollees but this has recently been increased to 675 effective July 1, 1938. Considerable improvements have been made to several of the existing CCC Camps and one new subcamp has been constructed for 60 men on the island of Oahu.

The Works Progress Administration also has assisted the board during the year particularly in plant nurseries where they have helped out with routine nursery work. On several of the islands they have assisted with tree planting in the field. All support from this Federal relief organization has recently been withdrawn from the forestry projects. The board's forest force has been enlarged so that it now has a total field force of 29 men.

The activities of the division of animal industry during the year have been directed toward the conservation of the livestock industry of the Territory by preventing the introduction of contagious and infectious diseases from abroad, and by the control and eradication of such diseases in the herds within the Territory.

The board carried on its usual routine activities in tuberculosis control among cattle, bureau of bacteriology and pathology, plant inspection and quarantine, insect pest control, and the division of fish and game.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Federal Government benefit payments to Hawaiian sugar growers, from September 1, 1937, to the end of that calendar year, amounted to \$4,175,000 and are expected to increase to approximately \$10,000,000 for the calendar year 1938.

The amount of sugar which may be produced in 1938 in the Territory under the 1937 Sugar Act is approximately 1,135,000 tons, raw value. Of this amount, approximately 951,000 tons may be shipped to the mainland, and 30,000 tons may be sold locally. The difference between the amount which may be produced and the amount which may be marketed provides a reserve.

The Sugar Act of 1937 provides for quota restrictions of sugar from all sources supplying the continental market in order to maintain a satisfactory price level. Further assistance in the form of payments is provided for American producers of sugar crops. These payments are made to farmers upon the conditions, among others, that child

labor be eliminated from the production of sugar crops, and that fair and reasonable wages be paid to those employed in the production of sugar beets and sugarcane.

The Secretary of Agriculture, after public hearings and investigation, in accordance with the provisions of the act, has established fair and reasonable wage rates for the period from September 1, 1937, to December 31, 1937, and for the calendar year 1938.

Additional benefit payments of approximately \$760,000 also came to more than 5,200 farmers in Hawaii in 1937 under the Soil Conservation and Domestic Allotment Act for carrying out farming practices which tend to improve soil fertility and to retard soil erosion, both of which are also under the jurisdiction of the AAA.

The programs under this act, for farmers in the Territory, correspond in purpose to the general agricultural programs for farmers on the mainland. A program similar to that of 1937 is in effect and available to farmers in the Territory this year.

AGRICULTURAL EXTENSION SERVICE

The Hawaii Agricultural Extension Service has continued its program of assistance in rural communities by organized work with the members of the farm family.

In the present set-up, a central office is maintained at the University of Hawaii in addition to seven county offices with a corps of workers known as county agents.

To a greater extent than ever before, the agricultural extension service, while maintaining its established projects in home economics, agricultural economics, grading and packing, truck crop reporting and production, agronomy, horticulture, poultry husbandry, animal husbandry, etc., through the 4-H Club, Junior Farm, Junior Home Demonstration, and Farm and Home Demonstration Club work, has been called upon to assist a number of other national programs such as the Farm Security, Rat Abatement, Agricultural Conservation, Farm Credit, Soil Conservation, and others.

The specialists staff, located in the central office on the university campus, has cooperated with other Territorial agencies in helping to develop and solve the problems of diversified agriculture and of the rural home in the Territory.

Each week the agricultural extension service issues a market letter with a record of current prices of fruits and vegetables on the wholesale market, of shipments to and receipts from the mainland as well as the off islands. This report is mailed to over 1,100 interested persons. For the first time an annual summary of fruit and vegetable unloads in Honolulu was issued in conjunction with this report.

A monthly crop estimate is issued which gives acreage and production of the most important fruits and vegetables grown in the islands. This is mailed to 710 producers each month. Truck crop enumerators located on each island keep close check on acreage and production trends. This information is extremely valuable to farmers, wholesalers, and others interested in the Territorial food problem.

Territorial improvement of dairy herds, swine raising, poultry production, truck crop growing, pastures, marketing, grading, and packing are all included in the program of work developed by the specialists and agents.

In the field of home economics, continued emphasis has been placed on the improvement of rural living conditions. The betterment of living conditions, beautification of homes, teaching of home industries, and other projects of this nature have all contributed to the general welfare and contentment of the people in the rural areas. The program has met with enthusiastic response from the young people particularly.

These programs have been largely of an educational nature, and carried on by means of demonstrations.

Special work is being done to rehabilitate the rice industry on Kauai and to relieve the economic condition in the coffee industry in Kona. Plans for diversification of crops in the Kona district are developing rapidly.

The agricultural extension service has functioned in the Territory for 10 years. The first Federal appropriations of \$37,275 were made available for work in 1928; \$7,316.66 was appropriated by the Territory. A staff of 15 was appointed to inaugurate projects of improvement for the farm and home. This year the Federal Government appropriated \$118,794.31 and the Territorial appropriation was \$39,229.34.

The present staff of 59 is still working on the foundation started in 1928. It is hard to measure from day to day what has been accomplished, but a retrospective view of the projects shows a steady improvement.

PINEAPPLE INDUSTRY

The pineapple industry has just completed another year of successful cooperation. The industry has given continuous employment to approximately 14,000 persons and during the summer harvest this number was increased to about 35,000 men, women, and students over 16 years of age.

In keeping with recent trends in prices of competitive canned fruits it was felt advisable late in the fiscal year to reduce the prices of pineapple products approximately 10 percent. It is gratifying

to report that the high wages paid to workers in the industry have been maintained and that the thus narrowed margin for profit has been met by more economical production methods.

Great advances have been made in agricultural technique and in cannery practices through which steadier and more continuing employment has been offered labor. Living and working conditions for both plantation and cannery workers have reached an exceptionally high level.

Increased efficiency has been gained by concentration of activities in plantation and cannery units of the industry.

The pineapple companies are certain that the price adjustment and economical production together with excellent industry cooperation which results in aggressive advertising and sound marketing methods will keep Hawaii's second industry in a financially strong position.

FARM CREDIT ADMINISTRATION

Approximately \$50,000 had been loaned to small farmers in Hawaii, chiefly coffee growers in the Kona district, by the Farm Credit Administration in the Territory in the fiscal year ended June 30.

Collections have been exceptionally good, and unquestioned benefit has been enjoyed by farmers qualifying for and using this type of credit, these farmers having no other source of credit; and the loans taking the place of the so-called seed loans which had been made from annual appropriations by Congress on the mainland for some time.

The credit union section of the Farm Credit Administration (the second activity under this organization) began its activity here in the fall of 1936. This section charters and supervises Federal credit unions and the activity has enjoyed a rapid and remarkable growth since its inception.

As of June 30, 75 charters had been approved and 73 units were in operation on the 5 major islands of the group, with the field of membership extended to an estimated 42,968 people. In this total chartered field 14,694 active accounts showed a total accumulated savings balance of \$666,834.14 and total assets of \$764,219.90 as of June 30. Since the fall of 1936, these units, most of which were formed in 1937, have made 13,940 loans to their members totaling \$1,471,893.33, at rates of interest not exceeding 1 percent per month on unpaid balances.

Credit unions have been formed by all Federal, Territorial, and city-county employees in Honolulu, including fire and police departments. All employees of the department of public instruction throughout the islands have operating units, as well as all county

and Territorial employees on Hawaii, Maui, and Molokai. Most of the larger industrial groups, including communications, steam and street railways, merchandising and shipping firms have encouraged the plan for their employees, including the sugar and pineapple plantations.

The formation of new units is continuing, and from the present trend it appears that within a short time a considerable majority of wage-earners in the Territory will have the benefits of the credit union plan brought to them.

CIVILIAN CONSERVATION CORPS

During the year, the Civilian Conservation Corps enrollees planted 1,560,358 trees on an area of 4,265 acres in Territorial forest reserves. In addition to these new trees, 3,896 acres of previously planted trees were cleared and maintained, 3,636 rods of new fence were constructed, and 8,643 rods of existing fence were maintained and repaired.

Other activities of the Civilian Conservation Corps during the year included the destruction of 5,141 wild animals, construction of 25.7 miles of trails, clearing and maintaining of 117 miles of existing trails, and construction of 9.4 miles of telephone lines.

The Civilian Conservation Corps also maintained 19.4 miles of fire breaks, reduced 109 acres of fire hazards, and collected 904 pounds of hardwood seeds.

Expenditures of the organization in the Territory during the year totaled \$536,592.54.

The United States Army cooperated fully throughout the year in the use of Army planes in broadcasting tree seeds on Oahu, Kauai, and Hawaii. Army planes also flew around Mauna Kea to observe the wildlife conditions and the location of wild sheep in order that conducted drives by the CCC might be staged to eradicate these animals.

The CCC enrollees also broadcast 2 tons of molasses grass seed on Molokai, Maui, Hawaii, and Kauai in areas where such vegetation was considered necessary.

HAWAII NATIONAL PARK

Steps have been taken by the National Park Service to preserve regions of historic, archeological, and scenic interest in the Territory by adding to the Hawaii National Park the so-called Kalapana and Footprint areas.

The agreement by both the House and Senate on June 15, 1938, to the conference report on the bill to extend the Hawaii National Park to include these areas, and the subsequent signing of this legislation

by the President, was of great importance to the future development of the park. This bill, besides providing for the addition of approximately 55,070 acres of land to the park, including 12 miles of ocean shore line, regions of historic, archeological, and scenic interest, concludes the first step in an attempt to preserve not only these values, but the native Hawaiian character of the region as well.

The interisland shipping strike materially affected travel to the park, both by tourists from outside the Territory and island residents. Except for visitors who came by airplane for a few hours' stay, and a smattering of local people, who likewise came by airplane or on one of the cattle boats, the usual summer influx of visitors has not materialized, reflecting in a sharp decline in the revenues of the hotel operator.

The proposed lava flow diversion embankment project recommended by Dr. Thomas A. Jaggar, Jr., the volcanologist, for the protection of Hilo and its harbor from possible damage or destruction by Mauna Loa lava flows, reached a critical point during the year, and in accordance with regulations governing expenditure of funds under the Rivers and Harbors appropriation, representatives of the United States Army Engineer Corps conducted public hearings on the proposal in Hilo on December 17, 1937. While at this hearing no one present opposed the project, the superintendent of the Hawaii National Park felt that the records should show that opposition was widespread among the Hawaiian and related elements, and he so stated. At the close of the fiscal year no word had been received as to the contents of the report submitted by the United States Engineers.

Both Mauna Loa and Kilauea were quiet throughout the year in respect to surface eruptions, and rock slides at Halemaumau, though at times frequent, were less extensive than heretofore.

An interesting "hot spot" developed a few hundred feet south of the Chain of Craters road near Puhimau Crater. Vegetation was observed to be dying and inspection disclosed that a new steaming area several acres in extent had developed and that in contrast to other similar areas, the soil was quite warm. It would seem that this spot is directly associated with an underground lava movement along the eastern rift of Kilauea, which first may have manifested itself through a gradual buckling up of the road surface at one place, with its culmination occurring between May 28 and June 6, 1938. At this time there was a spasm of seismic activity with hundreds of earthquakes ranging from instrumental to moderate and much continuous tremor. The quakes were all local to Kilauea and generally centered in the Chain of Craters region near Pauahi Crater. During this spasm it was noted that the height of the road bulge had increased perceptibly and beginning at the eastern end of Pauahi Crater numer-

ous cracks developed across the road for a distance of over a mile, ranging in size from a fraction of an inch to 6 feet in width. Altogether 18 cracked sections were counted.

FAIR COMMISSION OF HAWAII

An increase of 4,843 in the number of persons who played on the Territorial fair grounds golf course was noted in the fiscal year ending June 30 over the number who had taken advantage of the course in the preceding fiscal year.

During the year 41,614 persons played on the course, the increase being due in part to the fact that the new 18-hole course was opened officially on May 29, 1938.

The commission believes that its efforts toward making this course a real championship golf lay-out have met with the overwhelming approval of those who patronize the course; an ever increasing number of players take advantage of the facilities offered them, which in turn increases revenues and enables the commission to carry forward toward the ultimate end sought, namely, a public course second to none in the Territory, operated and maintained for the benefit, convenience, and pleasure of residents and tourists alike, all at as small a cost to them as is consistent with proper care of the links.

During the period the schedule of fees was raised and it was found, despite the protests of a few players, that the result was not only to raise more revenues, used exclusively for improvement to the course, but an actual increase in the number of players. The greatest and one need now is for a clubhouse, equipped with clean and simple, though commodious, accommodations for the patrons.

Receipts of the commission during the year totaled \$14,969.27, while expenditures aggregated \$15,712.94, with \$1,280.78 as the cash balance as of June 30, 1938.

During the year the commission purchased materials and supplies for the improvement of the 18-hole golf course, with WPA workers, amounting to \$3,427.65. An efficient sprinkling system was installed on the new nine holes at a cost of \$1,665.41. In addition, there was installed, with WPA labor, a 40-horsepower electric pump motor.

PUBLIC WORKS DEPARTMENT

Assisted materially by Federal funds, particularly those allotted under the Federal aid road program and grants and other help from the Public Works Administration, expenditures of the Territorial department of Public Works in the fiscal year ended June 30, 1938, aggregated \$2,181,709.96.

This was \$195,162.65 under the \$2,376,872.61 expended by the Department in the fiscal year ended June 30, 1937.

Expenditures of the department were divided as follows:

Public works:

General funds.....	\$161, 412. 77	
Loan funds.....	475, 890. 79	
Revolving funds.....	3, 160. 74	
Special funds.....	6, 611. 20	
Trust funds.....	4, 983. 65	
		\$652, 059. 15

Territorial Highway Department:

Loan.....	54, 334. 60	
Special.....	201, 432. 07	
Trust.....	358, 224. 47	
National recovery fund.....	416, 061. 63	
Federal aid contributions.....	315, 651. 03	
Maintenance revolving fund.....	183, 947. 01	
		1, 529, 650. 81

Total.....	2, 181, 709. 96
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The highway department expenditures of \$1,529,650.81 went for the construction of a total of 44.125 miles of new construction as compared with construction or realinement of a total of 18.879 miles of completed improved highways throughout the previous fiscal year.

By islands during the year, the completed mileage was: Oahu, 28.322; Hawaii, 5.567; Kauai, 10.236.

As of July 1, 1938, highway projects under construction will entail total estimated expenditures of \$1,826,382 and will provide an additional 33.008 miles of highway in the Territory.

By islands, the projects under construction as of July 1, 1938, involved these mileages: Oahu, 13.475; Maui and Molokai, 7.663; Hawaii, 3.565; and Kauai, 8.305.

Outstanding among the events of the year, as far as the department of public works is concerned, was the visit in January, 1938, of Mr. E. L. Yuravich, Chief Inspector, Bureau of Air Commerce, Washington, D. C., who inspected all of the airports in the Territory, as well as projected improvements which he approved with some minor changes.

The visit resulted in the ordered abandonment of the Wailua Airport, district of Lihue, Island of Kauai, and the Maalaea Airport on Maui. The former was held to be entirely inadequate and dangerous for planes, while the latter, because of its proximity to a mountain range and consequent treacherous air currents together with shortness of runways, was restricted to the use of S-38 Inter-Island Airways' amphibian Sikorsky, but was condemned as far as the use of the S-43 planes was concerned.

On the completion of the new Maui Airport about December 1938, the Maalaea Airport will be abandoned and turned back to the

Hawaiian Commercial and Sugar Co. in exchange for site of the new Maui Airport.

The new and expanded Port Allen Airport on which considerable improvement was effected has taken the place of Wailua Airport as the field for the island of Kauai.

During the year the Works Progress Administration expended a total of \$191,093.38 on airports throughout the Territory, \$165,724.38 of this amount being spent for pay rolls, while the remaining \$25,369 went for materials and equipment.

During the year the United States district engineer began preliminary survey on the proposed Keehi lagoon seaplane basin near the John Rodgers Airport, Island of Oahu. The report on this project is expected about January 1939. The construction is of such vast proportion, entailing an expenditure of at least \$5,000,000, that it would appear to be impossible for the Territory alone to defray the total necessary expenditure to provide for this improvement.

Under the architectural division of the department, contracts awarded for public structures and improvements and completed or nearly completed as of June 30, 1938, amounted to \$239,330. Outstanding of these was the construction of the new Territorial office building for the tax and other departments which should be completed before January 1, 1939, at a total cost of \$174,501, of which the Territorial funds available amount to \$200,000, and the Public Works Administration has approved a Federal grant of \$81,072.

It is expected that the unused portion of the Territorial appropriation will lapse to the Territorial treasury.

At the end of the fiscal year, contracts covering the erection of new National Guard armories on Molokai and at Hanapepe and Lihue, Kauai, involving total estimated expenditures of \$77,000 were about to be awarded. As of June 30, 1938, applications for Public Works Administration grants totaling \$462,682 had been approved, or were pending, which together with \$565,500 available from Territorial funds involve six public improvement projects aggregating estimated costs of \$1,800,082.

TERRITORIAL PLANNING BOARD

Five major studies of Territorial planning problems have been considered by the Territorial Planning Board in the fiscal year ended June 30, 1938.

Since it began to function on April 1, 1938, the planning board has established working relations with the National Resources Committee, planning boards in 47 States, and Territorial public and private agencies. Questionnaires relating to proposed improvement

projects have been sent to all major interested public and private institutions and agencies in the Territory, and study has been started on present 5-year and 10-year plans of these institutions and agencies.

Much valuable information has been gathered from all of these sources, and a library of planning literature acquired for guidance and inspiration. Written notices of proposed projects are being requested and received from Territorial, county, and city and county governments for general approval of the board, preparatory to similar specific action when a Territorial master plan will have been developed. The preparation of matter for publication in a biennium report to the Governor and the legislature next February has been begun.

The five special studies having received the board's attention were listed as follows:

1. Judiciary building extension and Honolulu civic center.
2. Hawaii housing authority (endorsed).
3. Real property inventory and general survey of the city of Honolulu.
4. Territorial traffic commission (safety).
5. Undergrounding of public utility power lines (endorsed).

ATTORNEY GENERAL'S DEPARTMENT

Victories for the Territory in two highly important tax cases in the supreme court were the highlights of the activities of the attorney general's department in the fiscal year ended June 30, 1938.

The cases were of those of the Maui Agricultural Co., described as "one of the most important tax cases ever decided by the Supreme Court of Hawaii," and the Hawaii Consolidated Railway.

The Maui Agricultural case involved act 9, of the special session laws of 1933 and after a decidedly adverse decision of the tax appeal court, the Territory appealed to the Supreme Court of Hawaii. The record and briefs were voluminous. In its first decision the supreme court upheld the contentions of the government and defined its own, as well as the tax appeal court's jurisdiction. In a second decision the court upheld the Territory's contentions on the merits. Many similar tax appeals are pending before the divisional boards of equalization and the tax appeal court and the decisions are directly applicable to all such appeals.

While the Maui case involved only approximately \$35,000 in taxes, about \$750,000 in taxes is involved in the other pending cases on which the supreme court decisions are expected to be controlling.

The taxes involved in the Hawaii Consolidated Railway case amounted to approximately \$18,000, but, together with other utilities, the taxes in dispute aggregate approximately \$223,000; the contentions of the Territory were upheld by the supreme court and the tax-

payer has perfected an appeal to the United States Circuit Court of Appeals, Ninth Circuit.

During the year the department disposed of the following cases in the respective courts: Supreme Court of Hawaii, 17; Territorial circuit courts, 43; Territorial district courts, 30; tax appeal court, 82; and land court, 21.

As a result of the increased activities of most Territorial departments the number of pending cases is large, being in the United States Supreme Court, 1; United States Circuit Court of Appeals, 1; Supreme Court of Hawaii, 6; circuit courts, 120; tax appeal court, 13; and land court, 30. Despite the new personnel added to the department, the number of pending cases increased during the past year. At the end of the year the department was congested with old as well as new litigation.

With many new Territorial boards and departments and with increased activity in most of these bureaus, the rendering of opinions during the year showed a considerable increase over the past few years, reaching a total of 496 during the year.

TERRITORIAL COURTS

The Territorial courts are composed of a supreme court of 3 members; 5 circuit courts, of which 1 has 5 members who sit separately and the others 1 member each; and 29 district courts. The supreme court and circuit court judges are appointed by the President and the district magistrates by the chief justice of the Territory. The circuit courts are the courts of general cases. The first circuit court also acts as a court of land registration. The circuit and district courts also act as juvenile courts. The principal juvenile and divorce court is the court of domestic relations in Honolulu. The legislature of 1921 established this division of domestic relations in the first judicial circuit. Its judge is one of the five judges of the first circuit court and is known as the judge of the division of domestic relations.

A total of 42,795 cases of all kinds came before the courts, of the Territory during the calendar year 1937. These were segregated as follows: Criminal, 31,075 (involving 35,900 defendants); civil, 10,324; insanity, 218; drug addicts, 69; juvenile cases, 1,024; bastardy, 77; feeble-minded, 8.

Convictions in criminal cases tried during the year numbered 13,028, or a percentage of convictions of 36.28.

Cases heard by the supreme court on appeal, error, exceptions and reserved questions were listed: Criminal, 4; divorce or separation, 4; equity, 15; law, 21; probate, 3; original submission, 7; special proceedings, 3; industrial accident boards, 4; total 61.

A total of 3,197 civil cases came before the circuit courts, segregated as follows: Law, 415; equity, 114; probate, 1,440; divorce, 1,084; special proceedings, 144.

Of the 642 criminal cases, involving 699 defendants, decided by the circuit courts, convictions were obtained in 481 cases, or 68.80 percent.

Of the 30,429 criminal cases, involving 35,160 defendants, decided by the district courts, convictions were had in 12,547 cases, or 35.68 percent.

By circuits, the courts heard the following cases: First circuit, 1,315 civil, 1,014 probate, 465 criminal, or a total of 2,794; second, circuit 110 civil, 289 probate, 63 criminal, or a total of 462; third circuit, 56 civil, 29 probate, 23 criminal, or a total of 108; fourth circuit, 199 civil, 58 probate, 56 criminal, total of 313; fifth circuit, 108 civil, 50 probate, 35 criminal, total 193.

By nationalities, the 13,028 persons convicted in both circuit and district courts during the year were segregated as follows: All other Caucasians, 4,512; Japanese, 2,195; Filipino, 2,158; Hawaiian and part-Hawaiian, 1,940; Chinese, 971; Puerto-Rican, 389; Korean, 215; Spanish, 61; Russian, 19, and all others, 568.

By classes of crimes, the 13,028 convictions were listed as: Drunkenness, 2,191; offenses against peace, 1,169; gambling, 845; offenses against property, 562; offenses against chastity, 203; liquor laws, 102; homicide, 23 (manslaughter, 13; murder, 10); and miscellaneous, 7,933.

LAND COURT

Land court decrees numbering 45 and covering 30,141 acres, with an assessed valuation of \$1,211,747, were issued during the fiscal year ended June 30, 1938, by the land court. On July 1, 1937, 79 applications covering 57,355 acres, with an assessed valuation of \$3,141,060.55 were pending; while 32 applications covering 5,294 acres, with an assessed valuation of \$412,758.24 were filed during the year. As of July 1, 1938, there were 66 applications pending in the court, covering 32,508 acres, with an assessed value of \$2,342,071.79.

FEDERAL COURT

The number of criminal cases filed in the United States District Court for Hawaii, in the fiscal year ended June 30, 1938, showed an increase of 35 percent over the number filed in the previous fiscal year, while the aggregate amount of fines, forfeitures, and penalties showed an increase from \$4,040 to \$13,021.15.

Criminal cases filed in 1937 numbered 117, while 124 were concluded in that fiscal year. Criminal cases filed in the 1938 fiscal

year totaled 159, while 158 were concluded. The largest increase noted was on narcotic charges, with 48 filed in 1937, as compared with 75 filed in the fiscal year just ended. The total number of all cases, both civil and criminal, filed in the court was 723 for 1938 and 771 for 1937.

During the 1938 period, convictions were had of 182 defendants while 6 resulted in acquittals, and there were 17 nolle prosequis and dismissals, or a total of 205 defendants. In the previous period, convictions of 129 defendants had been obtained, 3 had been acquitted, and there were 13 nolle prosequis and dismissals, or a total of 145 cases. As of June 30, 1938, 22 criminal cases were pending.

COURT OF DOMESTIC RELATIONS

An increase of 22 percent in the number of divorce cases heard in the court of domestic relations during the fiscal year, over the number heard in the preceding fiscal period was noted in the annual report of that court.

Cases heard in 1938 numbered 942, as compared with 773 in the 1937 fiscal period. Of the 942 cases, 685 were granted divorces, 18 were denied, while 239 were discontinued during the year. This compared with 589 divorces granted during the preceding fiscal period, 8 denials, and 176 dismissals.

Similar increases were shown in the applications for separation and annulment. During the year, 15 suits for separation were heard, as compared with 10 in the preceding fiscal period. Four petitions for separation were granted, as compared with 1 in the previous year; while 1 petition was denied and 10 were discontinued in 1938.

A total of 17 annulment cases were heard during 1938 as compared with 11 during the preceding period. Fourteen petitions for annulment were granted, two were denied, and one was discontinued, as compared with eight annulments granted and three dismissals in the previous period.

Of the 942 divorce petitions disposed of during 1938, cruel treatment of husband led all other grounds with 290 cases. Other grounds were: Nonsupport, 202; cruel treatment of wife, 148; desertion of wife, 118; desertion of husband, 92; adultery of wife, 8; leprosy, 7; insanity, 5; imprisonment, 3; and intemperance, 1.

Of the divorces granted to citizens, 330 went to Caucasians, 117 to Hawaiian and part-Hawaiian, 71 to Japanese, and 41 to Chinese. Of the divorces granted to aliens, 24 went to Japanese and 11 to Korean, while 65 Filipino nationals, and 19 Puerto Ricans received decrees. Cases remaining on the calendar for disposal at the end of

the year included 186 divorces, 2 separations, and 3 annulments, as compared with 201 divorce cases, 6 separations, and 3 annulments on the calendar at the beginning of the year.

In the probate division of the domestic relations court, 878 petitions were heard and disposed of during the year, as compared with 824 during the previous period.

There was an increase of 17 percent in the number of juvenile delinquents brought to the attention of the court during the year, over the number during the preceding year, there having been 596 in 1938, as compared with 510 in 1937.

Of the 596, 421 were boys and 175 were girls, as compared with 333 boys and 177 girls in 1937. Of the 596 new cases, 419 boys and 174 girls were declared to be delinquent, the cases of 2 boys and one girl having been dismissed.

There were no cases pending in the juvenile court divisions as of July 1, 1938.

BOARD OF PRISON DIRECTORS

The board of prison directors has recommended that legislation be adopted to provide an automatic extension of 5 years of the sentence or sentences for an Oahu prison convict who escapes.

Also recommended was more stringent legislation to discourage those who harbor or assist escaped prisoners in any way, legislation making it a misdemeanor for outsiders to contact prisoners, except as authorized, and legislation prohibiting liquor dispensers or others from selling liquor to prisoners other than parolees.

The board has done all in its power to improve the operation of the parole system, with three paid parole officers in Honolulu and seven voluntary nonpaid assistant parole officers on the outside islands.

One important strengthening of policy has been an increased severity in dealing with parole violators. It is contended that it is for the best interests of society, the prisoner, and the institution, if most prisoners were released through the avenue of parole rather than discharged from prison at the expiration of their sentences. This belief and the conduct of a great majority of those released on parole justifies this view.

The board has no sympathy for the willful violator of his parole and, in its efforts to improve the system, is making parole violation as serious a matter as the crime itself and intends to deal with it accordingly.

During the year there were 216 paroles granted. Eight of this number, representing 3.7 percent, had paroles revoked for violations.

From among 805 paroled in prior years, there were subsequently returned 39, or about 5 percent.

During the fiscal period there were in Honolulu 22,408 arrests. Of these, 190 were men on parole, 19 of these 190 being for felonies.

So long as this is true the members of this board will remain convinced that, next to crime prevention, parole offers society its greatest protection against continued crime and offers the released inmate his greatest opportunity for redemption.

Sometime during the year, there were 1,021 prisoners under parole supervision. The total expenditures for the general office of the board amounted to \$21,887.58, of which \$17,038.82 was chargeable to parole activities. On this basis the per capita cost of parole amounted to \$17.00.

Of the 1,021 under supervision, 292 were out of the Territory, thus reducing this original number to 729 under supervision locally for the year. On this basis the per capita cost of supervising a parolee for the past year was \$23.

The cost of maintaining a prisoner sentenced to Oahu Prison, based on prison population for the same period, amounted to \$450. If prisoners were kept until their maximum sentences expired, additional prison cells and quarters would have to be built at great cost and additional appropriation for their maintenance would have to be provided. Public and private relief agencies would have to be prepared to support dependents of incarcerated individuals. It costs taxpayers approximately one-twentieth as much to supervise a paroled prisoner for 1 year as it does for those maintained in prison.

When prisoners are carefully selected, parole is both a sound and economical method of protecting the community and in aiding released prisoners.

The population of Oahu Prison on June 30, 1938, was 459 Territorial and 63 Federal prisoners, a total of 522. This is a decrease over the previous year of four Territorial and an increase of seven Federal prisoners.

Of the prisoners serving, classified by race, Filipinos continued to lead all others with 117, or 22.41 percent; Hawaiians had 62, or 11.88 percent; Caucasian-Hawaiian, 48, or 9.20 percent; Asiatic-Hawaiian, 43, or 8.23 percent; Japanese, 50, or 9.58 percent; Portuguese, 44, or 8.43 percent; Puerto Rican, 43, or 8.24 percent; Chinese, 45, or 8.62 percent; Americans, 28, or 5.36 percent; all others 8.05 percent.

Of prisoners serving, classified by crime, burglary led with 152 cases, or 29.12 percent; murder was second, with 46, or 8.81 percent; other percentages were violation of drug act, 7.66 percent; robbery, 6.70 percent; rape, 6.51 percent; larceny, 6.51 percent; all others, 34.69 percent.

The cost of operating Oahu Prison (including prison camps) during the past year was \$222,563, a per capita cost per day of \$1.24.

PUBLIC UTILITIES COMMISSION

Rate reductions made effective by seven public utility corporations in the Territory in the fiscal year ended June 30, 1938, should decrease consumers' bills by approximately \$169,345 annually, it was estimated by the Territorial Public Utilities Commission.

The concerns affected and the estimated annual reduction in costs accruing to the consumers because of the decreases placed in effect during the fiscal period were: Hawaiian Electric, \$125,000; Maui Electric, \$5,400; Kauai Electric, \$4,632; Lahaina Ice (electric), \$3,000; Kohala Ditch (electric) \$900; Mutual Telephone, \$28,250; Kohala Ditch (water), \$2,163.

A healthy increase in public utilities revenue is shown over 1936, to the extent that the rate of net return is generally as good as for 1936 in spite of the reductions made during that year. Further reductions as shown have been made possible. The reductions in rates for electricity were generally applied to domestic schedules.

The telephone reduction resulted from the removal of a surcharge for hand sets and from a reduction of 2- and 4-party service. All lines in the past have been single party.

The public utilities commission does not exercise rate control over railroads, steamship lines, and airways. In the case of steamship lines rate control rests with the Maritime Commission, and upon the motion of that body a rate investigation for the Inter-Island Steam Navigation Co., Ltd., has been undertaken and some hearings have been held.

The "Uniform System of Accounts" recommended by the National Association of Railroad and Utilities Commissioners and prescribed by the Federal Power Commission, together with a "List of Retirement Units" to be used in conjunction therewith, for gas and electric utilities, and the "Uniform System of Accounts" used by the Federal Communications Commission for telephone utilities, have been prescribed by the respective Territorial utilities, effective January 1, 1938. The utilities have cooperated most willingly, in anticipation, it is believed, that accounts so kept will form a base for regulating practices that will eliminate some matters over which there has been contention.

Generally in the past, and more particularly during the past year, the utilities have given consideration to maximum hours and minimum pay for employees and instituted well-defined practices as to vacations, retirement, etc.

The following table shows the value and net revenue, both by amount and by percentage of value of each corporation making a return to the public utilities commission:

Name of utility	Approximate value, Dec. 31, 1937 (see foot- notes)	Net revenue, 1937	
		Amount	Percent of value
Electric utilities:			
Hawaiian Electric.....	¹ \$7,714,356.30	\$773,455.58	10.03
Hilo Electric Light.....	² 1,031,037.54	74,025.14	7.18
Interurban Electric.....	² ³ 371,557.97	20,163.15	5.43
Maui Electric.....	² 479,744.04	33,545.81	6.99
Kona Light & Power.....	² 87,767.83	6,786.20	7.73
Molokai Electric.....	² 103,785.97	10,857.44	10.46
Kauai Electric.....	² 60,591.12	4,525.43	7.47
Waimaea Garage & Electric.....	² 53,284.26	3,041.38	5.71
Kapaa Electric Co.....	² 80,263.54	5,959.61	7.43
Waiahi Electric Co.....	² 22,414.85	1,868.52	8.34
Lahaina Ice Co.....	² 34,240.29	4,478.77	13.08
Kohala Ditch Co.....	² 33,026.40	2,661.17	.06
Kaeleku Sugar Co.....	² 12,046.51	\$ 2,259.80	⁵ 18.76
Gas utilities:			
Honolulu Gas Co.....	² 2,402,057.59	155,632.17	6.48
Hilo Gas Co.....	² 200,000.14	7,984.87	3.99
Telephone utility: Mutual Telephone.....	¹ 5,237,817.69	357,247.08	6.82
Water utility: Kohala Ditch.....	¹ ⁴ 458,786.78	20,959.11	4.57
Street railway: Honolulu Rapid Transit.....	² 3,776,059.31	145,476.13	3.85
Motor-vehicle common carriers (all): All owners.....	¹ 34,486.63	13,582.63	39.39
Railroads:			
Oahu Railway & Land.....	¹ 5,853,840.00	297,318.00	5.08
Hawaii Consolidated.....	¹ 5,427,154.00	248,882.00	4.59
Kahului Railroad.....	¹ 1,171,748.00	⁵ 23,663.00	⁵ 2.02
Steamship company: Inter-Island Steam.....	¹ ⁴ 360,919.91	534,692.29	12.24
Airways: Inter-Island Airways.....	¹ 397,437.65	18,874.38	4.75
	39,404,424.70	2,716,094.06	-----

¹ Book value property assets and materials and supplies.

² Previously established rate base projected to date by changes shown by books.

³ Amalgamated with Hilo Electric Light Co. Ltd., Jan. 1, 1938.

⁴ Expenses allocation relates to both departments.

⁵ Loss.

Fees paid into the special public-utilities commission fund during the year amounted to \$21,755.22, while expenditures of the commission in that period amounted to \$18,741.60.

HAWAII HOUSING AUTHORITY

Low-rent housing and slum-clearance programs in Hawaii have progressed rapidly during the past few months.

The Hawaii Housing Authority in 1935 made an unsuccessful attempt to secure Federal aid for projects in Hawaii and consequently has been somewhat inactive until the passage of the Housing Act of 1937 by the Congress.

Upon hearing of new possibilities for low-rent housing and slum clearance in Hawaii, the authority appointed by the Governor began intensive work to have funds earmarked for Hawaii. On April 11, 1938, Administrator Straus earmarked for Hawaii the sum of \$2,400,000. Upon his advice a permanent organization was set up with a

staff to cooperate with the Washington staff so that the actual work of getting funds for Hawaii would proceed satisfactorily.

The staff is engaged in making surveys of slum areas, studies of various sites, and is working on preliminary plans in order to prepare a formal application for each project that may be authorized and approved by the USHA.

The USHA makes it clear that no money shall be forthcoming for low-rent housing unless means are provided to demolish or rehabilitate one substandard dwelling for every new unit building either on-site or off-site.

The appropriate departments of our Territorial and county governments have been heretofore somewhat handicapped in law enforcement on sanitary and safety features in slum areas due to low vacancies and to the necessity of proving facts in court and the legal red tape involved.

It is supposed that the definite contract between the city and county of Honolulu on slum clearance either on the site or off-site will encourage the law-enforcement departments of the board of health and the respective building departments of the Territory and the Territorial fire marshal and will in fact and spirit carry out the provisions of the Senate concurrent resolution requesting action by the proper authorities toward the betterment of living conditions in tenement houses, demanding that the board of health, the building departments, and the Territorial fire marshal take appropriate action against the owners of substandard dwellings.

Without definite working agreements as to slum clearance in connection with erection of low-rental housing, Washington officials will give our formal applications little consideration.

Therefore, the success of the slum-clearance and low-rent housing program depends, among other items herein mentioned, on full cooperation between the building departments, the board of health, the Territorial fire marshal, and the city planning commission.

The sum of \$5,000 was allotted from the Governor's contingent fund to defray the expenses of establishing and operating the authority's office until funds are received from Washington, when the \$5,000 is to be repaid.

FEDERAL HOUSING ADMINISTRATION

Applications numbering 285 for mortgage insurance totaling \$1,137,000 under the provisions of title II of the National Housing Act were received by the Hawaii office of the Federal Housing Administration in the fiscal year ended June 30, 1938.

During the year the FHA here issued 235 commitments to insure loans aggregating \$939,200. Of these, 164, or 72 percent, amounting to \$675,800, were for new construction of residential units.

Since the inception of the FHA in Hawaii to June 30, 1938, 752 applications for insurance, totaling \$2,805,270, have been received, and 650 commitments, for an aggregate of \$2,452,140, have been issued by the Hawaii office.

The Property Improvement Plan, under title I of the National Housing Act, was reinstated on February 3 of this year. Under this phase of activities, 48 repair loans amounting to \$34,006, were reported to the Hawaii office by private local lending institutions between February 3 and June 30, 1938.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation office in Hawaii has never found it necessary throughout its history to foreclose a loan which, it is believed, is an unparalleled record as the Hawaii office is the only office of the corporation without a foreclosure.

With every loan made still on the books, with the exception of those cases where full payment has been received, the delinquency factor is far below mainland averages. As of May 31, 1938, there were only 16 accounts 1 or more months delinquent. The total amount delinquent as of that date, out of \$10,163.03 falling due each month, was only \$885.47. Only one case is more than 3 months delinquent, and liquidating payments are being received on the account each month.

Lending activities of the Home Owners' Loan Corporation in Hawaii ceased at midnight June 12, 1936, the office up to that date having refinanced mortgages for 481 distressed property owners in the total amount of \$1,291,204.77. A total of 443 loans had been made on Oahu, 14 on the Island of Hawaii, 20 on the Island of Maui, and 4 on the Island of Kauai.

TOURIST TRADE

The trans-Pacific maritime strike, which virtually isolated the Territory from transportation with the mainland for 90 days in late 1936 and early 1937, prevented the establishment of a new all-time-high tourist travel record to Hawaii during the calendar year 1937.

Despite that handicap, however, and others, including restriction of Dollar Line services, withdrawal of the S. S. *Malolo* (renamed the *Matsonia*) for rebuilding, and canceling of the NYK 30-day stop-over privileges, the total number of local visitor arrivals did not fall far behind that of 1936, and the grand total was ahead.

Through cabin passengers who spent only 1 day in Honolulu numbered 31,951 in 1937 as compared with 28,046 in 1936; while local cabin passenger visitors who spent at least 2 days in Hawaii numbered 21,987 in 1937 as compared with 22,199 in 1936, or a grand total of 53,938 in 1937 as compared with 50,245 in 1936.

The tourist bureau has continued its efforts to stimulate visits by tourists to all of the outside islands, pointing out that each island had been mentioned equally and impartially in all national advertising and in the bureau's literature. The largest number of outer island tourist visitors was to the island of Hawaii, with Maui ranking second and Kauai third in this respect.

The most effective means of bringing the outer islands to the attention of the Territory's visitors was an exhibition of natural color and sound motion-picture travelogues, one full reel being devoted to each outer island.

These movies were displayed at several popular programs in Honolulu, as well as on a lengthy promotion tour made by the executive secretary of the bureau, the most effective instance having been at one of the National Geographic Society's fall programs in Constitution Hall, Washington, D. C., on December 3, 1937. This was attended by more than 4,000 persons.

A special effort was made to acquaint 3,000 travel agents with many matters pertaining to Hawaii, particularly of significance to tourists, in an endeavor to make every worthwhile railroad, steamship, travel, tourist, motor bus, airplane, and information office throughout the world in a sense, a branch office of the bureau. Four times during the year these agents were circularized with the latest issue of Tourfax, as well as briefs of the bureau's colorful advertisements, which were printed in such magazines as the Saturday Evening Post, Collier's, and others with a total circulation of more than 28,000,000. The bureau's national advertising cost approximately \$85,000 during the year.

The largest appropriation the bureau has ever received from the Territorial government, namely \$175,000, was made by the legislature for the 1937-39 biennium. One provision required that not less than \$50,000 should be used for participation at World's Fairs at San Francisco and New York during 1939.

Altogether, the bureau enjoyed its busiest year, both in advertising for tourist business and in the number arriving, as well as proper care after arrival.

Expenditures of the bureau during the year were \$175,406.78.

TRANSPORTATION FACILITIES

The islands are well served by steamer and air transportation.

Principal service is supplied by the Matson Navigation Co. with its fleet of 45 passenger and freight steamers, 30 of which, with a gross tonnage of 194,367, are currently operated in the island trade.

Honolulu is also a port of call in the monthly service of the Oceanic Steamship Co., on their Pacific Coast-Australia route; the Dollar Steamship Co. in their Oriental and round the world services; the Nippon Yusen Kaisha in their Japan-Pacific Coast and Japan-South America services; the Canadian Pacific in their Oriental service, and the Canadian-Australasian Line in their Canada-Australia service.

Numerous cruise ships and tramp freighters also make Honolulu a port of call, and the Isthmian Steamship Co. maintains regular freight service.

The Pan American Airways have maintained weekly flights to and from the Orient via Honolulu, carrying passengers, mail, and express.

Tankers operated by oil companies brought into the Territory during the fiscal year 1938, most of the 4,148,254 barrels of petroleum products imported.

INTER-ISLAND STEAMSHIP SERVICE

The Inter-Island Steam Navigation Co., Ltd., established in 1883, owns and operates a fleet of first-class vessels engaged exclusively in the transportation of passengers and freight between ports on the islands of the Hawaiian group.

Regular sailings of passenger vessels are maintained from Honolulu four times weekly to ports on the island of Hawaii, twice weekly to Lanai, three times weekly to Molokai, twice weekly to Kauai, and daily, except Saturday to ports on the island of Maui.

Included in the fleet are six passenger and freight vessels besides two large ocean-going tugs.

Five steel barges, one of 400 tons and four of 1,000 tons capacity are also owned by the company and are utilized in transporting fresh pineapples grown on the other islands to be canned in Honolulu.

Passengers carried during the year ended June 30, 1938, amounted to 143,249, including both cabin and steerage, while freight transported during the same period amounted to 334,181 tons, the gross tonnage of the fleet being over 20,000 tons.

AUTOMOBILES

The following table shows the registration of privately owned motor vehicles, by counties, for 1925, 1930, 1935 and 1938:

	1925	1930	1935	1938
City and county of Honolulu.....	15,385	26,511	32,275	42,750
County of Hawaii.....	3,289	5,887	7,208	9,946
County of Maui.....	3,253	5,568	6,105	6,792
County of Kauai.....	2,456	2,863	4,482	5,110
	24,383	41,829	50,070	64,598

COMMERCIAL AVIATION

The Inter-Island Airways, Ltd., established in 1929, owns and operates a fleet of Sikorsky amphibian planes engaged exclusively in the transportation of passengers, mail, and express between the islands of the Hawaiian group.

Regular schedules are maintained daily between Honolulu and the islands of Maui and Hawaii, and daily except Sunday to Kauai.

The operating personnel consists of 7 pilots, 5 copilots, and a ground force of 50.

Equipment consists of two Sikorsky amphibian twin-motored 7-passenger S-38 planes, and three Sikorsky amphibian twin-motored 16-passenger S-43 planes.

The total miles flown during the year ended June 30, 1938, is 481,808, and passengers carried during the same period amount to 26,535.

STREET RAILROADS

The Honolulu Rapid Transit Co., Ltd., controls and operates the only street-railway system in the Territory. It is an electric line, partly single and partly double track.

The authorized capital stock is \$3,000,000, of which \$2,500,000 is outstanding. They operate on a 4-foot-gage 60-passenger cars. Their fleet of buses numbers 61. Following is a statement of income, disbursements, passengers carried, etc.

	Calendar year 1937	Calendar year 1936
Gross income.....	\$1,228,223.18	\$1,048,356.68
Car and bus earnings.....	\$1,182,937.16	\$1,010,017.82
Other sources.....	45,286.02	38,338.86
Disbursements.....	\$1,232,747.05	\$1,054,436.21
Operating expenses.....	\$810,389.74	\$680,424.41
Replacements charged to operating expense.....	11,009.82	7,185.94
Taxes.....	108,236.17	85,515.69
Depreciation.....	153,220.20	143,519.99
Dividends.....	150,000.00	137,500.00
Miscellaneous.....	108.88	290.18

	Calendar year 1937		Calendar year 1938	
Fare passengers.....		16, 284, 447		13, 736, 540
Rail.....	9, 734, 230		8, 492, 843	
Bus.....	6, 550, 167		5, 243, 697	
Free passengers.....		116, 319		113, 819
Rail.....	1, 974		84, 951	
Bus.....	44, 345		28, 868	
Vehicle miles.....		4, 223, 378		3, 661, 206
Rail.....	1, 891, 225		1, 755, 482	
Bus.....	2, 332, 153		1, 905, 724	

STEAM RAILROADS

There are steam railroads on three of the principal islands, operating on regular schedules, and most of them carrying passengers. In addition, plantations have their private railway equipment for transporting cane and laborers. The following table gives data on railway companies proper.

Islands and roads	Track	Gage	Rolling stock			Freight carried	Passengers carried	Capital stock
			Loco-motives	Passenger cars	Freight cars			
Oahu: Oahu Railway & Land Co.....	<i>Miles</i> 166.34	<i>Ft. In.</i> 3 6	24	40	1, 319	<i>Tons</i> 1, 342, 142	176, 433	\$5, 000, 000
Hawaii: Hawaii Consolidated Railway Co.....	105.88	4 8½	8	9	209	484, 503	26, 077	3, 654, 960
Maui: Kahului Railway Co.....	59.36	3 0	4	9	372	365, 537	-----	1, 500, 000
Total.....	331.58	-----	36	58	1, 900	2, 192, 182	202, 510	10, 154, 960

TELEGRAPHS AND TELEPHONES

Hawaii is served with cable and radio facilities by the Commercial Pacific Cable Co., R. C. A. Communications, Inc., Mackay Radio Telegraph Co., Globe Wireless Co., Ltd., and the wireless department of the Mutual Telephone Co., the latter for service between the islands and to and from ships at sea. The United States Naval Communication Service handles most of the messages for the various departments of the Federal Government represented in Hawaii.

Broadcasting stations are maintained in the Territory by the Honolulu Advertiser (KGU) and the Honolulu Broadcasting Co. (KGMB—Honolulu) and (KHBC—Hilo).

The following table shows the number of instruments and miles of wire on the various islands.

	Mutual Telephone Co.					
	Oahu tele- phone system, Oahu	Hawaii tele- phone system, Hawaii	Maui tele- phone system, Maui	Kauai tele- phone system, Kauai	Molokai tele- phone system, Molokai	Total
Telephone instruments.....	24, 200	2, 927	1, 984	1, 261	271	30, 643
Miles of wire classified as follows:						
Miles of wire in aerial cable.....	27, 959.9	4, 300.8	3, 617.0	565.9	47.8	36, 491.4
Miles of wire in underground cable.....	53, 625.7	1, 378.9	559.6	447.2		56, 011.4
Miles of open wire.....	7, 127.8	3, 784.0	1, 824.1	1, 530.3	511.4	14, 777.6
Total miles of wire.....	88, 713.4	9, 463.7	6, 000.7	2, 543.4	559.2	107, 280.4

BOARD OF HARBOR COMMISSIONERS

Despite a 10-percent reduction in its charges on shipping, which became effective September 15, 1937, total revenue receipts of the Territorial Board of Harbor Commissioners in the fiscal year ending June 30 exceeded the \$1,000,000 mark for the first time in history.

This showing is deemed highly satisfactory and, as forecasts for the next fiscal year, show estimated revenues slightly in excess of requirements, the board has authorized an additional reduction of 10 percent from its base tariff rates to become effective September 15, 1938.

The total revenue receipts for the year were \$1,017,965.87, being the first time since the establishment of this board that the million-dollar mark in actual earnings has been reached.

Despite the 10-percent reduction in rates made effective September 15, 1937, the revenues for the year were \$130,073.60 in excess of bond requirements of \$680,924.65, operating costs of \$155,036.63 and complete liquidation of an item of \$17,000 for dredging at Nawiliwili and \$34,932.27 for the construction of a wharf at Kawaihae, Hawaii. These two latter items, which were appropriated out of the general fund by the 1937 legislature in order that the money be made available immediately, would ordinarily have been handled through the loan fund.

Despite the decrease in rates, effective for 9 months, revenues for the year were \$35,571.05 greater than those for 1937. By ports the increases were: Honolulu, \$65,873.98; Ahukini, \$93; Nawiliwili, \$2,171.09; while decreases were: Hawaii, \$4,064.66; Maui, \$28,312.87; and Port Allen \$189.49.

In 1937 a sizable increase in business was noted both at Hilo and Kahului, being due largely to the trans-Pacific maritime strike between October 1936 and February 1937, when much business by foreign bottoms was dropped at these ports, particularly at Kahului. The decrease above noted is to a considerable extent the result of the resumption of normal shipping conditions.

A strike of workers of the Inter-Island Steam Navigation Co., which started May 26, caused the lay-up of its two passenger vessels, the *Hualalai* and *Waialeale*. However, this strike came so late in the fiscal period as to have but slight effect upon the board's financial position.

Expenditures of the board during the year were listed as \$551,780.88. These were segregated as Territorial general fund, \$211,087.23; Territorial loan fund, \$241,721.53, or total Territorial, \$452,808.76; and Public Works Administration, \$98,972.12.

The total number of vessels arriving from overseas at ports operated by the board during the year was 1,422, with gross tonnage of 10,861,832, an increase of 161 vessels and 957,139 gross tons over the record of the previous year.

The report also listed new construction, improvements, maintenance and repair operations carried on by the board on all islands, as well as the extensive program planned for the conservation and rebuilding of public beaches, particularly that at Waikiki.

LIGHTHOUSES, NINETEENTH DISTRICT

A total of 310 aids to navigation of all classes were in commission as of June 30, 1938, in the nineteenth Federal lighthouse district, which has its headquarters at Honolulu. The district includes the Hawaiian Islands, Midway Islands, Guam, American Samoan Islands, and the Equatorial Islands.

One of the outstanding events of the year was the establishment, in cooperation with the Department of the Interior, of automatic acetylene gas lights on the Equatorial Islands of Baker, Jarvis, and Howland, for operation upon request.

The 310 navigation aids in the district included one light of 2,500,000 candlepower, formerly known as a second order light, four lights ranging in intensity from 560,000 to 1,700,000 candlepower, formerly known as converted 36-inch beacon doubtlet lens lights, one light of 1,100,000 candlepower, one light of 750,000 candlepower, one light of 150,000 candlepower, and one wind-driven electric light.

Included also were 46 automatic acetylene lights, 26 automatic electric lights in lenses, 2 electric lights without lenses, 48 automatic acetylene lighted buoys, 2 primary radiobeacons, 177 unlighted aids including buoys and beacons, and also 24 private aids, lighted and unlighted, under the supervision of the Lighthouse Service.

A few minor lights and buoys were discontinued during the year in the interests of economy in locations of minor importance, and several range lights, buoys and daymarks were established during the year.

TERRITORIAL RETIREMENT SYSTEM

Total assets of \$8,643,028.27 were in the hands of the Territorial Employees' Retirement System as of June 30, 1938.

As of that date, the membership of the system included 7,308 governmental employees, while 249 pensioners were on the rolls of the system. Receipts during the year were \$1,934,569.74, while disbursements were \$1,539,610.02.

The contributions made during the year by members of the system amounted to \$547,202 an increase of \$63,938.03 over those of the previous year.

UNITED STATES WEATHER BUREAU

Cooperation by Pan-American Airways during the fiscal year ended June 30, 1938, has enabled the Weather Bureau of the United States Department of Agriculture to close its special meteorological station at Midway Island with a small saving to the government.

There were 234 official cooperative stations in the islands during the fiscal year, from which the Bureau received and published records containing its climatological work much along the established lines of former years.

Cooperation with the Fleet Air Base at Pearl Harbor continued, and cooperation with the Army in airway service was established. Copies of the daily weather maps are now being prepared and furnished the Pan-American Airways and the Inter-Island Airways.

Forecasts of the Bureau, as well as a daily synopsis of North Pacific weather conditions, weather data from Hilo and Schofield Barracks, and a list of selected mainland stations all of which were furnished by this office, were published in three Honolulu daily papers. Weather information and forecasts obtained from the Honolulu office of the Weather Bureau were broadcast by the Naval Communication Service and by two local commercial broadcasting stations.

WORKMEN'S COMPENSATION

For the administration of the Territorial Workmen's Compensation Act, each county has an industrial accident board.

Following are statements of the activities of the various boards:

CITY AND COUNTY OF HONOLULU

Accident cases numbering 8,258 and involving total benefit payments of \$271,275.22 were adjudicated by the Industrial Accident Board of Oahu during the calendar year 1937.

Of the 8,258 accidents reported, 7,820 involved men and 438 involved women, while 3,436 were married persons and the other 4,822 were single.

By classes of disability, the accidents were: Total disability of less than 1 day, 4,022; total disability of less than 1 week, 2,267; total disability of more than 1 week, 1,775; prolonged disability and probable permanent partial disability, 105. Fourteen fatal accidents were adjudicated during the year, while four cases were pending at the end of the year.

Compensation payments to injured employees totaling \$132,046.68 led all classes of benefit payments. Other benefit payments included medical charges, \$107,253.66; hospital charges, \$30,914.88; and burial expenses, \$1,160.

The number of accident cases heard by the board during the year, 8,258, was 966 more than the 7,292 industrial-accident cases heard by the board in the calendar year 1936.

COUNTY OF HAWAII

Industrial accidents on the island of Hawaii in the fiscal year ended June 30 increased by more than 27 percent over those of the previous year.

The 1938 total of cases was 1,892, including 12 fatalities, as compared with 1,479 cases in 1937, or an increase of 413. On June 30, all but 194 of the 1,892 cases had been adjudicated.

Benefit payments amounting to \$72,041.98 were made to the injured workers or their dependents. This amount was divided as follows: Compensation for fatalities, \$14,828.90; compensation for total disability succeeded by permanent partial disability in 39 cases, \$10,775.67, with medical and hospital payments of \$2,392.70; compensation for total disability not succeeded by permanent partial disability, \$15,631.01, with medical and hospital charges of \$28,413.70 in these cases.

Injured employees were listed by nationalities as Filipino, 610; Japanese, 669; Portuguese, 264; Hawaiian and part-Hawaiian, 184; Chinese, 40; Puerto Rican, 43; American, 42; Korean, 20; Spanish, 7; German, 2; others, 11.

COUNTY OF MAUI

A total of 885 accidents, involving benefit payments aggregating \$52,582.88, was adjudicated in the fiscal year ended June 30, 1938, by the Maui Industrial Accident Board.

The 885 accidents involved 12 fatalities and the following segregation by seriousness of mishap: over 7 days' duration, 441; under 7 days' duration, 345; pending on June 30, 87.

The \$52,582.88 benefit payments during the year were divided into the following classes of expenditure: Paid recovered employees, \$10,133.38; hospital and medical care (with plantations and some other

employers not reporting), \$7,095.55; awards for deceased employees, \$17,526.14; awards for loss of eyes, fingers, arms, toes, \$17,827.81.

COUNTY OF KAUAI

Accident cases numbering 367 involving total compensation of \$10,386.73 were heard by the Kauai County Board during the fiscal year ended June 30. Of these, 321 were plantation cases and 46 classified as "others".

The number of cases classified under "others" seem high, but construction work with its casual employees accounted for many of these.

In paying the compensation, there were 5,411 days lost, involving payments of \$8,446.73 for total disability and 720 days in the permanent partial disability class involving payments of \$1,440. Of the 5,411 days lost, 3,562 were on plantations and 1,849 were in the "others" classification.

It is interesting to note that, where the plantations paid compensation in their 321 cases for 3,562 days, the employees lost, without pay, 2,247 days in these accidents at the same time. This is due to the 7-day rest clause, no matter what the kind or duration of disability. A 3-day so-called rest period, the same as provided by the United States Government on its projects, would seem to be much fairer to the workmen.

Respectfully submitted.

J. B. POINDEXTER,
Governor of Hawaii.

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